

**ING Bank N.V.
Hong Kong Branch**

Interim Disclosure Statement

30 June 2016

(Accordance to the Banking (Disclosure) Rules
made pursuant to Section 60A of the Banking Ordinance)

Basis of preparation

The Interim Disclosure Statement for the financial period ended 30 June 2016 (the “Disclosure Statement”) has been prepared in accordance with the relevant requirements of the Banking (Disclosure) Rules made under section 60A of the Banking Ordinance.

The International Financial Reporting Standards adopted by the European Union was applied to the Disclosure Statement. The information in the Disclosure Statement is not audited and does not constitute statutory accounts.

Profit and Loss Information

Figures in HKD million	30 June 2016	30 June 2015
Interest income	461	523
Interest expense	(215)	(219)
Net interest income / (expense)	246	304
Other operating income		
- Gains less losses arising from trading in foreign currencies	(3)	(18)
- Gains less losses on securities held for trading purposes	-	-
- Net fees and commission income	56	73
- Others	37	3
Total operating income	336	362
Staff expenses	(85)	(85)
Rental expense	(18)	(18)
Operating expenses	(67)	(53)
Total operating expenses	(170)	(156)
Net (charge) / credit for impairment losses/allowances for impaired assets	2	3
Gains less losses from the disposal of property, plant and equipment	-	-
Profit / (Loss) ordinary activities before taxation	168	209
Taxation	(28)	(35)
Profit / (Loss) ordinary activities after taxation	140	174

Balance Sheet Information

Figures in HKD million	30 June 2016	31 December 2015
Assets		
Cash and balances with banks	4,486	3,751
Due from exchange fund	1,431	41
Placements with banks and other financial institutions maturing between one and twelve months	8,186	7,208
Amount due from overseas offices	18,265	9,513
Trade bills	6,115	5,646
Certificates of deposit held	-	-
Investment Securities	1,900	1,700
Loans and receivables		
- Advances to customers	29,591	22,945
- Advances to banks and other financial institutions	1,075	975
- Accrued interest and other accounts	306	259
Other Investments	-	-
Individual impairment allowances for impaired assets	(16)	(16)
Collective impairment allowances for impaired assets	(10)	(11)
Property, plant and equipment	2	3
Total assets	71,331	52,014
Liabilities		
Deposits and balances of banks and other financial institutions	11,096	6,638
Deposits from customers		
- Demand deposits and current accounts	1	5
- Savings deposits	1,003	686
- Time, call and notice deposits	3,310	3,396
Amount due to overseas offices	54,787	40,323
Other accounts and provisions	1,134	966
Total liabilities	71,331	52,014

Additional profit and loss information

1. Net fees and commission income

Figures in HKD million	30 June 2016	30 June 2015
- Fees and commission income	67	76
- Fees and commission expenses	<u>(11)</u>	<u>(3)</u>
	<u>56</u>	<u>73</u>

Additional balance sheet information
2. Analysis of gross advances to customers by industry sectors

Figures in HKD million	30 June 2016		31 December 2015	
Advances for use in Hong Kong	Gross Advances	Collateral and other security	Gross Advances	Collateral and other security
<i>Industrial, commercial and financial sectors</i>				
- Manufacturing	3,142	5	2,895	-
- Property development	488	-	2,115	-
- Property investment	3,366	2,656	3,561	2,852
- Information technology	566	566	790	-
- Wholesale and retail trade	1,166	-	1,230	-
- Transport and transport equipment	1,659	-	1,976	-
- Financial concerns	1,245	745	1,881	-
- Others	-	-	-	-
	11,632	3,972	14,448	2,852
<i>Individuals</i>				
- For the purchase of other residential properties	-	-	-	-
- Others	-	-	-	-
	-	-	-	-
Total advances for use in Hong Kong	11,632	3,972	14,448	2,852
Trade finance	12,132	3,730	2,073	-
Advances for use outside Hong Kong	5,827	1,379	6,424	962
Gross advances to customers	29,591	9,081	22,945	3,814

The above sectoral analysis has been classified according to the usage of advances based on categories and definitions used by the Hong Kong Monetary Authority. Where the collateral values are greater than gross advances, only the amount of collateral up to the gross amounts of advance was included.

Additional balance sheet information

3. Analysis of gross advances to customers by geographical areas after risk transfer

Figures in HKD million	30 June 2016	31 December 2015
Hong Kong	20,661	12,525
Asia Pacific excluding Hong Kong	7,467	8,974
<i>Of which China</i>	5,783	7,072
Europe	842	629
Caribbean	621	817
	29,591	22,945

Gross advances to customers by geographical area are classified according to the principal place of business of the counterparties and after risk transfer.

4. Impairment allowances for impaired loans

Figures in HKD million	30 June 2016	31 December 2015
Individual impairment allowances against advances to customers	16	16
Collective impairment allowances against advances to customers	10	11

Additional balance sheet information

5. Impaired advances to customers

Figures in HKD million	30 June 2016	31 December 2015
Total amount of impaired advances to customers which are individually determined to be impaired	16	16
Individual impairment allowances made in respect of such advances	(16)	(16)
	-	-
Total value of collateral	-	-
Percentage of such advances to total advances to customers	0.06%	0.07%
Analysis of such advances by geographical areas after risk transfer:		
- Asia Pacific excluding Hong Kong	16	16
	16	16

There were no impaired advances to banks and other financial institutions for the two financial periods.

Additional balance sheet information

6. Overdue and rescheduled advances to customers for more than 3 months

Figures in HKD million	30 June 2016	Percentage to total advances to customers	31 December 2015	Percentage to total advances to customers
<i>(a) Gross amount of advances to customers which have been overdue for:</i>				
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	16	0.06%	16	0.07%
	<u>16</u>	0.06%	<u>16</u>	0.07%

Analysis of such advances by geographical areas after risk transfer:

- Asia Pacific excluding Hong Kong	16	0.06%	16	0.07%
	<u>16</u>	0.06%	<u>16</u>	0.07%

No advances to banks and other financial institutions and other assets were overdue for more than 3 months for the two financial periods.

(b) Rescheduled advances:

There were no rescheduled advances to customers, banks and other financial institutions for the two financial periods.

(c) Repossession of Assets:

There has not been any repossession of assets during the two financial periods.

Additional balance sheet information

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

Figures in HKD million	30 June 2016	31 December 2015
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	16	16
Individual impairment allowances made in respect of overdue loans and advances	16	16

Additional balance sheet information

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	Banks	Official sector	Non-bank private sector		Others	Total
			Non-bank Financial institutions	Non-financial private sector		
30 June 2016						
Developing countries						
of which China	15,007	-	-	10,219	-	25,226
Offshore centres						
of which Hong Kong	50	-	-	13,052	-	13,102
of which Singapore	1,347	-	-	561	-	1,908

31 December 2015

Developing countries						
of which China	16,172	-	-	7,951	-	24,123
Offshore centres						
of which Hong Kong	288	-	-	7,874	-	8,162
of which Singapore	2	-	-	562	-	564

The above country/geographical segment classification is based on the head office location of the counterparties and is derived according to the location of the counterparties after taking into account any risk transfer.

The counterparty classifications are identified in accordance with the definitions set out in the banking return of "Return of International Banking Statistics" (the Return) issued by the HKMA.

Additional balance sheet information

9. Non-bank Mainland Exposures

Non-bank counterparties and types of exposures are identified in accordance with the definitions set out in the banking return of “Return of Mainland Activities” issued by the HKMA.

30 June 2016

Figures in HKD million

Types of Counterparties	On- balance sheet exposure	Off- balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and JVs	13,537	1,436	14,973
2. Local governments, local government-owned entities and their subsidiaries and JVs	346	76	422
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	5,085	1,125	6,210
3.1 Of which, PRC nationals residing in Mainland China or entities beneficially-owned by Mainland interest	5,085	1,125	6,210
4. Other entities of central government not reported in item 1 above	888	-	888
5. Other entities of local governments not reported in item 2 above	201	1	202
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	1,103	394	1,497
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	2,309	16	2,325
Total	23,469	3,048	26,517
Total assets after provisions	71,331		
On-balance sheet exposures as % of total assets	32.9%		

Additional balance sheet information

9. Non-bank Mainland Exposures (Continued)

31 December 2015

Figures in HKD million

Types of Counterparties	On- balance sheet exposure	Off- balance sheet exposure	Total
1. Central government, central government-owned entities and their subsidiaries and JVs	6,963	2,551	9,514
2. Local governments, local government-owned entities and their subsidiaries and JVs	339	-	339
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,481	1,633	5,114
3.1 Of which, PRC nationals residing in Mainland China or entities beneficially-owned by Mainland interest	3,481	1,633	5,114
4. Other entities of central government not reported in item 1 above	888	-	888
5. Other entities of local governments not reported in item 2 above	387	-	387
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	605	69	674
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	3,269	88	3,357
Total	15,932	4,341	20,273
Total assets after provisions	52,014		
On-balance sheet exposures as % of total assets	30.63%		

Additional balance sheet information

10. Currency risk

Figures in HKD million

Foreign currency exposures arising from trading, non-trading and structural positions, where an individual foreign currency net position constitutes 10% or more of the total net position in all foreign currencies:

30 June 2016	<i>Euro</i>	<i>SGD</i>	<i>US dollars</i>	<i>CNY</i>	<i>Total</i>
Spot assets	3,460	0	45,990	6,341	55,791
Spot liabilities	(3,466)	0	(56,441)	(2,741)	(62,648)
Forward purchases	0	0	21,996	5,893	27,889
Forward sales	0	0	(11,487)	(9,511)	(20,998)
Net Long / (short) position	<u>(6)</u>	<u>0</u>	<u>58</u>	<u>(18)</u>	<u>34</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net option position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2015	<i>Euro</i>	<i>SGD</i>	<i>US dollars</i>	<i>CNY</i>	<i>Total</i>
Spot assets	4,995	285	34,586	2,867	42,733
Spot liabilities	(4,999)	(286)	(37,156)	(2,460)	(44,901)
Forward purchases	5,294	0	14,165	4,641	24,100
Forward sales	(5,291)	(0)	(11,592)	(5,056)	(21,939)
Net Long / (short) position	<u>(1)</u>	<u>(1)</u>	<u>3</u>	<u>(8)</u>	<u>(7)</u>
Net structural position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net option position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Additional balance sheet information

11. Liquidity information

	30 June 2016	30 June 2015
Average Liquidity Maintenance Ratio (“LMR”)	43.68%	42.03%

The average LMR for the financial period ended is the arithmetic mean of each calendar month’s average LMR calculated in accordance with the Banking (Liquidity) Rules.

Liquidity risk Management

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

Liquidity Management is performed by Bank Treasury and covers the areas of i) intra-day liquidity risk; ii) short term cash management; iii) funding risk (1 week to 1 year tenors); iv) structural liquidity risk (1yr+ tenors); and v) stress testing. Bank Treasury operates under the oversight of and limits set by Assets & Liabilities Committee and Market Risk Management of ING Bank N.V. Hong Kong 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, ING Bank N.V. Hong Kong Branch complies with the requirements and has adopted the remuneration systems of ING Bank N.V. Head Office.

For details on ING Bank N.V. Head Office Remuneration Report, please refer to pages 78-82 of the 2015 Annual Report.

Additional balance sheet information

13. Off-balance sheet exposures

Figures in HKD million	30 June 2016	31 December 2015
The contractual or notional amounts outstanding:		
Contingent liabilities and commitments		
- Direct credit substitutes	1,667	2,552
- Transaction-related contingencies	-	-
- Trade-related contingencies	2,908	2,410
- Other commitments	2,713	2,808
- Forward deposits	739	1,183
	8,027	8,953
	8,027	8,953
Derivatives		
- Exchange rate contracts (excluding forward foreign exchange contract arising from swap deposit arrangements)	33,582	27,131
- Interest rate contracts	7,775	292
	41,357	27,423
	41,357	27,423

Additional balance sheet information

13. Off-balance sheet exposures (continued)

Total fair value of the above derivatives is as follows:

Figures in HKD million	30 June 2016	31 December 2015
Exchange rate contracts (excluding forward foreign exchange contract arising from swap deposit arrangements)		
- Positive fair value	328	221
- Negative fair value	(291)	(221)
	37	0
Interest rate contracts		
- Positive fair value	-	-
- Negative fair value	-	-
	-	-
	-	-

For contingent liabilities and commitments, the contractual amount represents the amount at risk should the contracts be fully drawn upon and the client defaults. The total of the contractual amounts is not representative of future liquidity requirements.

For derivatives, the notional amounts of these instruments indicate the nominal value of transactions outstanding at the balance sheet date; they do not represent amounts at risk. The total fair value of derivatives does not take into account the effects of bilateral netting arrangements.

Bank information (consolidated basis)

Capital and capital adequacy

Figures in millions of Euros	31 December 2015	31 December 2014
Capital ratios - Tier 1 Ratio	13.43%	12.50%
- Total Capital Ratio	16.04%	15.50%
Shareholders' funds	40,857	38,064

The figures have been calculated in accordance with the Basel Capital Accord and incorporated market risk associated with trading portfolios.

Other financial information (ING Group N.V.)

Figures in millions of Euros

Figures in millions of Euros	30 June 2016	31 December 2015
Total assets	885,659	841,769
Total liabilities	835,954	793,299
Total advances	554,969	537,343
Total customer deposits	512,819	500,777
	For the period ended 30 June 2016	For the period ended 30 June 2015
Pre-tax profit	3,042	3,594

Details of the above information can be obtained from the ING Group N.V. 2015 annual report and ING Group 2016 interim report.



For immediate release

Interim Disclosure Statement (“Disclosure Statement”)

(According to the Banking (Disclosure) Rules made pursuant to Section 60A of the Banking Ordinance)

Attached is the Disclosure Statement of ING Bank N.V. Hong Kong Branch for the financial period ended 30 June 2016.

A copy of the Disclosure Statement has been lodged with the Hong Kong Monetary Authority’s Public Registry for public inspection.

For enquiries or further information about the Disclosure Statement, please contact Corporate Communications Department at telephone 2848 8488 or direct line in Singapore +65 6539 7725.

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