



Guideline relating to the

ING US Germany China Equities VT 10% Index

Dated 15 April 2016

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6 Disclaimer

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Introduction

This document is to be used as a guideline with regard to the composition, calculation and management of the ING US Germany China Equities VT 10% Index. The ING US Germany China Equities VT 10% Index is calculated and published by Solactive AG. ING Bank N.V. reserves all rights relating to the Index.

1 Index specifications

The ING US Germany China Equities VT 10% Index is an index of ING Bank N.V. and is calculated and distributed by Solactive AG. It tracks a volatility based strategy on a basket of the following:

k	Equity Name	ISIN	Bloomberg Ticker	Basket Weight at Index Inception, Weight(k)
1	SPDR S&P 500 ETF Trust	US78462F1030	<SPY UP> Equity	40%
2	iShares MSCI Germany ETF	US4642868065	<EWG UP> Equity	40%
3	iShares China Large-Cap ETF	US4642871846	<FXI UP> Equity	20%

1.1 Short name and ISIN

The ING US Germany China Equities VT 10% Index is distributed under ISIN DE000SLA10C9; the WKN is SLA10C.

The index is published in Reuters under the RIC code .INGUSGCE and in Bloomberg under the Ticker <INGUSGCE> Index.

1.2 Initial value

The index is based on [100] as at the close of trading on the “**Start Date**” of 15 April 2016.

1.3 Distribution

The ING US Germany China Equities VT 10% Index is published via the price marketing services of Boerse Stuttgart AG and is distributed to all affiliated vendors. Each vendor decides on an individual basis as to whether he will distribute/display the ING US Germany China Equities VT 10% Index via his information systems.

1.4 Prices and calculation frequency

The value of the ING US Germany China Equities VT 10% Index is calculated once every Index Business Day after the close of trading in the Index Country. The closing price of the Underlying Equity is used every Index Business Day. In case there is no closing price of the Underlying Equity for any Index Business Day, the most recent closing price is used.

In the event that data cannot be provided to the pricing services of Boerse Stuttgart AG the Index cannot be distributed.

Any incorrect calculation is adjusted on a retrospective basis.

1.5 Publication

All specifications and information relevant for calculating the Index are made available on the <http://www.solactive.com> web page and sub-pages.

1.6 Historical data

Historical data will be maintained from 15 April 2016.

1.7 Licensing

Licences to use the Index as the underlying value for derivative instruments are issued to stock exchanges, banks, financial services providers and investment houses by Solactive AG and ING Bank N.V.

2 Composition of the Index

2.1 Index concept

The ING US Germany China Equities VT 10% Index is calculated on every Index Business Day based on the underlying basket of equities. The ING US Germany China Equities VT 10% Index is designed to maintain a target volatility of close to 10%.

2.2 Ordinary adjustment

An ordinary adjustment will take place on every Adjustment Day after the close of trading in the Index Country.

3 Calculation of the Index

3.1 Index formula

The ING US Germany China Equities VT 10% Index is an index whose value on an Index Business Day is calculated using the following formula:

$$\text{Index}_t = \text{Index}_{t-1} * (1 - \text{dragfactor}/260) * [1 + \text{alloc}(t-1) * \text{Basket Return}(t-1,t)]$$

with:

$$\text{Index}_{t=0} = 100$$

t = Index Business Day t

dragfactor = 3%

On an "Adjustment Day", $\text{alloc}(t) = \text{Target Allocation}(t-1)$; otherwise $\text{alloc}(t) = \text{alloc}(t-1)$.

with

$$\text{alloc}(0) = 100\%$$

$$\text{Target Allocation}(t) = \text{Min} \left(100\%, \frac{\text{Volatility Target}}{\text{Historic Volatility}(t)} \right),$$

$$\text{Basket Return}(t-1, t) = \frac{\sum_{k=1}^3 \text{Weight}(k) * \text{Equity Price}(k, t) / \text{Equity Price}(k,0)}{\sum_{k=1}^3 \text{Weight}(k) * \text{Equity Price}(k, t-1) / \text{Equity Price}(k,0)} - 1$$

with

Equity Price(k,t) being the official closing price of Equity(k) as of Index Business Day t; and Equity Price(k,0) being the official closing price of Equity(k) as of 15 April 2016.

3.2 Accuracy

The Index value will be rounded to three decimal places.

3.3 Calculation of the Index in the event of a market disruption

An Index is not calculated in the case of a Market Disruption Event. If the market disruption continues over a period of eight Index Business Days, the Index Calculator calculates the Index value taking into account the market conditions prevailing at this point in time and the last price of the underlying equities as well as any other conditions that it deems relevant for calculating the Index value.

4. Definitions

“Equity(k)” for k=1 to 3 refers to the following equities:

k	Equity Name	ISIN	Bloomberg Ticker	Basket Weight at Index Inception, Weight(k)
1	SPDR S&P 500 ETF Trust	US78462F1030	<SPY UP> Equity	40%
2	iShares MSCI Germany ETF	US4642868065	<EWG UP> Equity	40%
3	iShares China Large-Cap ETF	US4642871846	<FXI UP> Equity	20%

“Volatility Target” is 10%.

“Historic Volatility(t)” is the realized historic volatility calculated on Index Business Day t using the following formula:

$$\text{Historic Volatility}(t) = [0.97 * \text{Historical Volatility}(t-1)^2 + 0.03 * \text{Basket Return}(t-1,t)^2 * 260]^{0.5}$$

with:

$$\text{Historic Volatility}(t=0) = 10\%$$

“Adjustment Day” is every 14 calendar days, beginning on the Start Date. In case this happens to not be a Index Business Day, the Adjustment Day is the immediately following Index Business Day.

“Start Date” is 15 April 2016.

“Index Business Day” is every day on which New York Stock Exchange is open for trading.

The “Index Calculator” is Solactive AG or any other appropriately appointed successor in this function.

The “Index Country” is the United States.

The “Index Currency” is USD.

A “Market Disruption Event” occurs if

1. one of the following events occurs or exists on an Index Business Day for the underlying equity (equities):
 - A) trading is suspended or restricted (due to price movements that exceed the limits allowed by the exchange or an Affiliated Exchange, or for other reasons):
 - 1.1. across the whole exchange; or
 - 1.2. in options or futures contracts on or with regard to the underlying equity (equities) that is(are) quoted on an Affiliated Exchange; or
 - 1.3. on an exchange or in a trading or quotation system (as determined by the Index Calculator) in which the underlying equity (equities) is(are) listed or quoted; or
 - B) an event that (in the assessment of the Index Calculator) generally disrupts and affects the opportunities of market participants to execute on the exchange transactions in respect of the underlying equity (equities) or to determine market values for the underlying equity (equities) or to execute on an Affiliated Exchange transaction with regard to options and futures contracts on the underlying equity (equities) or to determine market values for such options or futures contracts; or
2. trading on the exchange or an Affiliated Exchange is ceased prior to the usual closing time (as defined below), unless the early cessation of trading is announced by the exchange or Affiliated Exchange on this Index Business Day at least one hour before
 - (aa) the actual closing time for normal trading on the exchange or Affiliated Exchange on the Index Business Day in question or, if earlier,
 - (bb) the closing time (if given) of the exchange or Affiliated Exchange for the execution of orders at the time the quote is given.

“Normal exchange closing time” is the time at which the exchange or an Affiliated Exchange is normally closed on working days without taking into account after-hours trading or other trading activities carried out outside the normal trading hours; or

3. a general moratorium is imposed on banking transactions in the Index Country if the above-mentioned events are material in the assessment of the Index Calculator, whereby the Index Calculator makes his decision based on those circumstances that he considers reasonable and appropriate.

An **“Affiliated Exchange”** is with regard to the underlying equity (equities) an exchange, a trading or quotation system on which options and futures contracts on the underlying equity (equities) in question are traded, as specified by the Index Calculator.

5 Appendix

5.1 Contact data

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5.2 Calculation of the Index – change in calculation method

The application by the Index Calculator of the method described in this document is final and binding. The Index Calculator shall apply the method described above for the composition and calculation of the Index and the Index value. However it cannot be excluded that the market environment, supervisory, legal, financial or tax reasons may require changes to be made to this method. The Index Calculator may also make changes to the terms and conditions of the Index and the method applied to calculate the Index value, which he deems to be necessary and desirable in order to prevent obvious or demonstrable error or to remedy, correct or supplement incorrect terms and conditions. The Index Calculator is not obliged to provide information on any such modifications or changes. Despite the modifications and changes the Index Calculator will take the appropriate steps to ensure a calculation method is applied that is consistent with the method described above.

6 Disclaimer

The ING Index is not sponsored, endorsed, sold or promoted by the (fund manager) and the (fund manager) has made no representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the fund and/or the levels at which the fund stands at any particular time on any particular date or otherwise. The (fund manager) has made no representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the fund. Neither the Issuer nor the Index Calculator has any affiliation with or control over the fund or the (fund manager) or any control over the computation, composition or dissemination of the fund. Although the Issuer and the Index Calculator will obtain information concerning the fund from publicly available sources they believe to be reliable, they will not independently verify this information.