

Reform of interest rate benchmarks

Certain interest rate benchmarks like EONIA, EURIBOR and LIBOR are being reformed. If any of your financial products or internal processes refer to these rates or other interest rate benchmarks, the following information is relevant for you.

What are interest rate benchmarks?

Interest rate benchmark are used to determine (1) the amount of interest payable for a wide range of financial products such as derivatives, bonds, loans, structured products and mortgages, and (2) the valuation of financial products.

The most common examples of interest rate benchmarks used in financial contracts are the Euro Overnight Index Average (EONIA), the Euro Interbank Offered Rate (EURIBOR) and the London Interbank Offered Rate (LIBOR).

Why are these benchmarks being reformed?

As benchmark rates are fundamental to so many financial contracts, they need to be robust, reliable and fit for purpose. Each of these interest rate benchmarks subject to reform were based on the rates at which banks lend to each other in the interbank market. Financial regulatory authorities have expressed their concern that because interbank lending transactions have significantly decreased in recent years, the benchmark rates may no longer be representative or reliable. This concern has resulted in recommendations made by the Financial Stability Board towards the global financial industry to reform the major interest rate benchmarks and to develop a new set of alternative benchmarks that are more representative of the current financial environment.

What is about to change?

European law, in the form of the Benchmark Regulation, now sets out certain criteria and conditions for benchmark rates to ensure that they are reliable and robust. In order to meet these conditions and the concerns of regulators globally, benchmark rates are being reformed to be based on robust methodologies and sufficient and reliable data.

What does this mean for you?

It is expected that some benchmark rates will be reformed or will be discontinued and replaced with alternative benchmark rates which meet the new regulatory and market requirements. This may impact the products and services which are currently made available to you and those we may provide in the future. If, and when, this applies to you, we will duly inform you. The reforms and transition to new interest rate benchmarks is an ongoing process which includes some uncertainties about the transition process, timing and impact. At this moment it is not expected that any existing interest rate benchmarks will be discontinued prior to 31 December 2021.

How is ING responding to this?

ING welcomes the move to more robust and reliable benchmark rates. We have been working with regulators, industry bodies and trade associations in order to facilitate a

smooth transition. We are closely monitoring developments and will continue to update you throughout the transition.

Fallback Plan

The Benchmark Regulation mentioned above requires ING to have a robust plan which sets out the actions we will take in case a benchmark rate ceases to exist or materially changes. Each ING legal entity has a Fallback Plan. The Dutch Authority for Financial Markets monitors the Fallback Plan of ING Bank N.V., which can be found [here](#).

Any further questions?

For more information on the reform of benchmark rates, please see the links to various websites below. We will continue to update you as interest rate benchmark reforms and transitions develop. The information on this site is not intended to be a complete or exhaustive overview.

More information

[Dutch Banking Association \(NVB\)](#) (only Dutch)

[Working group on euro risk-free rates](#)

[Working Group on Sterling Risk-Free Reference Rates](#)

[Alternative Reference Rates Committee](#)

[The National Working Group on Swiss Franc Reference Rates](#)

[Cross-Industry Committee on Japanese Yen Interest Rate Benchmarks](#)

[ECB FAQs on euro risk-free rates](#)