First quarter 2020 results

ING posts 1Q2020 net result of €670 mln

Ralph Hamers, CEO of ING

8 May 2020

do your thing

Key points

- In line with our purpose, we take actions to support our customers, employees and society in coping with the impact of the Covid-19 pandemic. In many countries we are working with governments to provide our retail and wholesale banking customers with the necessary financial flexibility, while ensuring we continue to play the vital role banks have in society, providing key banking services throughout our network
- The strength of our digital business model is proven, with stable NII, accelerating fees, cost control and absorbing the new Definition of Default impact on capital
- Net core lending growth was €12.3 bln, primarily in Wholesale Banking, which was up by €9.4 bln
- Pre-provision results were solid, supported by disciplined pricing, higher fee income and cost control. This was partly countered by margin pressure on customer deposits and negative marked-to-market results reflecting Covid-19 related market volatility at the end of March
- Risk costs increased, driven by €247 mln of collective Stage 2 provisioning, reflecting the potential macro-economic impact of the Covid-19 pandemic and low oil prices
- 1Q2020 CET1 ratio was 14.0%, with capital negatively impacted by market volatility at the end of March (~40 bps) and having fully absorbed €9.9 bln of RWA impact related to the new Definition of Default
- The Covid-19 pandemic will have further impact in the coming quarters. The level of impact will depend on several factors including how long lockdown measures will remain in place, how effective government support schemes to mitigate the economic impact will be and how quickly the global economy will recover
- We are in a good position to face a change in the cycle with a robust capital position, a strong funding structure and a very low Stage 3 ratio

Our priority is to support employees, customers and society to deal with the impact of the Covid-19 pandemic

Our employees

- Smooth transition to working from home (WFH), which now applies to around 80% of our employees
- Providing tools and guidance to enable WFH and support employees with WFH challenges
- Adjusted opening hours of our branches and precautionary measures to ensure employees can work safely

Our private customers

- Part of our branch network remains open to support customers to make the move to digital banking
- In all countries measures are taken to support private customers impacted by the Covid-19 pandemic with extensions of loan repayments
- Supporting safe payment behavior by Increasing the limit for contactless payments

Our business customers

- Pro-actively contacting our business customers to discuss the potential impact
- Extensions of loan repayments for SME customers
- Providing credit facilities under government guarantee schemes
- Tailored solutions for larger corporate clients

Our society

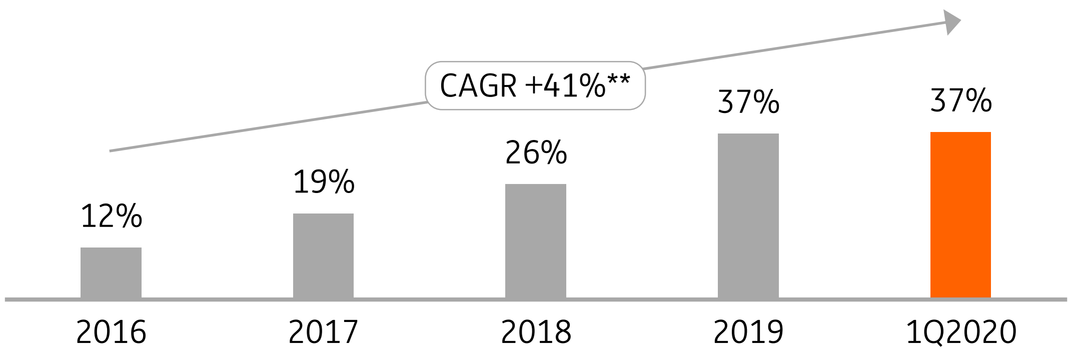
- Matching employee donations to charities
- Working with Unicef to raise funds for medical equipment
- Donating laptops to enable home schooling
- Offering building space to be used as a temporary hospital

Support provided year-to-date

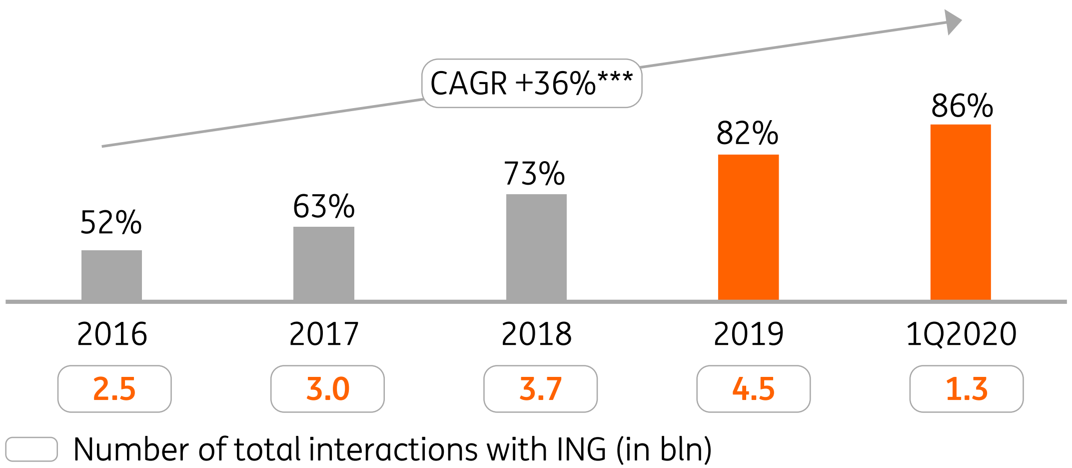
- 100,000 payment holidays for customers granted
- €5.6 bln liquidity provided under credit facilities for large corporate clients

Our digital and agile capabilities enabled uninterrupted customer service

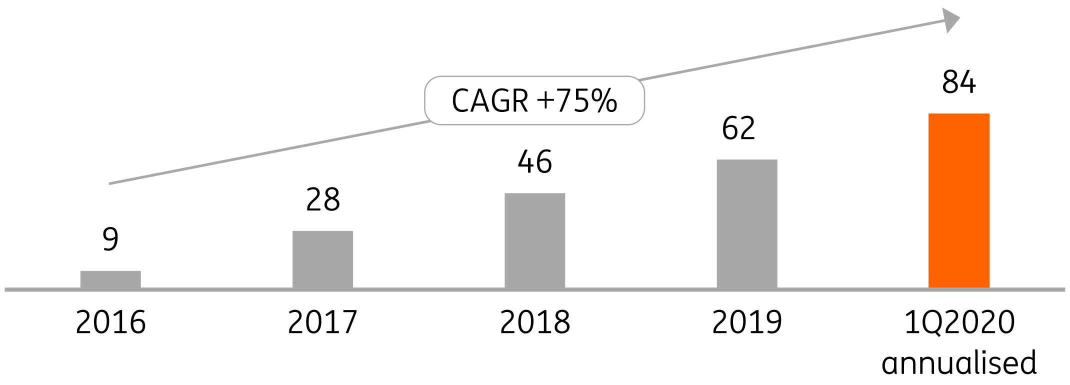
% of mobile-only active customers who contact us*



% mobile in interactions with ING



Annual mobile non-deposit sales per 1,000 active customers



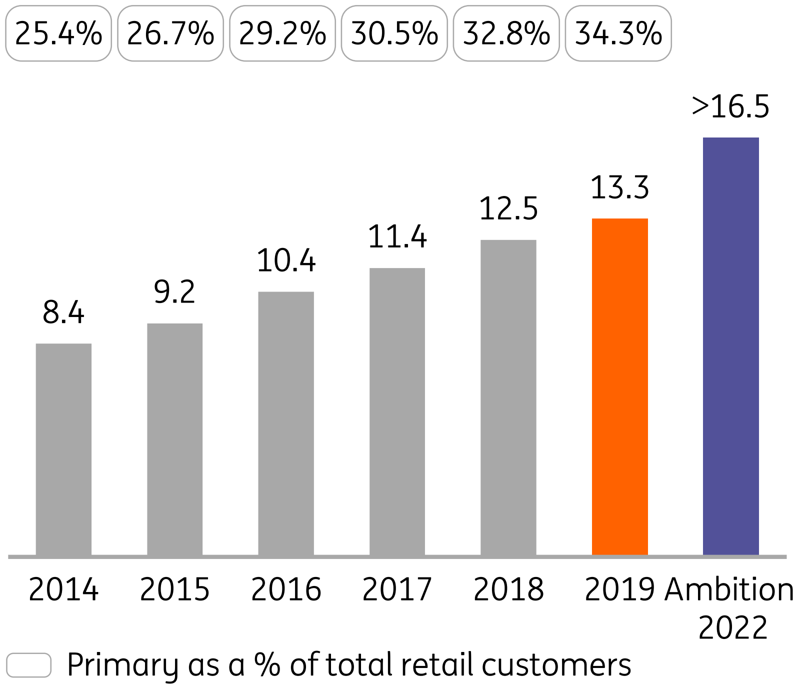
Proofpoints

- Strong growth of mobile sales
- 170,000 new Investment accounts opened in March and April
- Over 100,000 customer requests related to payment holidays and government guarantee schemes processed and approved

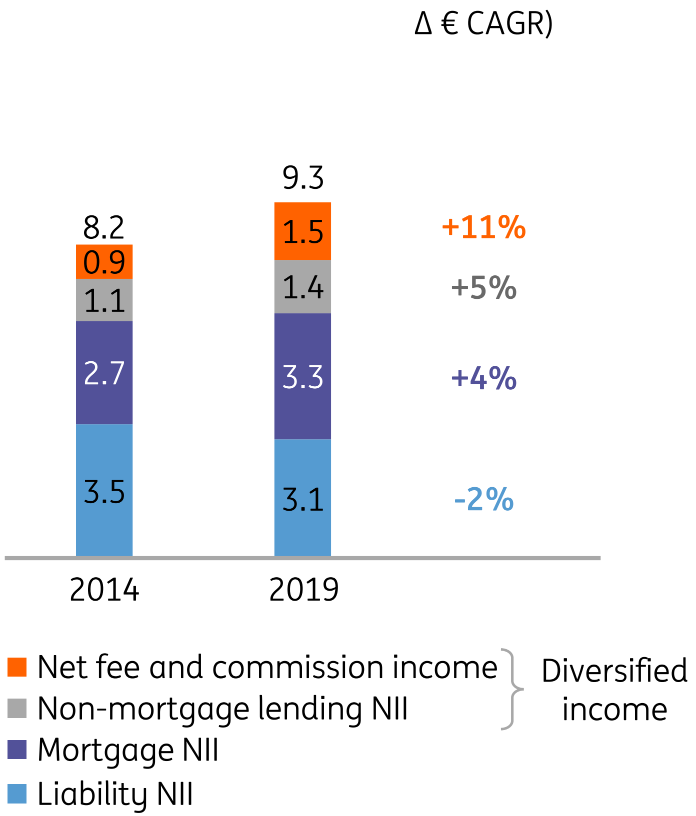
* Definition: Retail customers who used the channel at least once in the last quarter
** CAGR for number of mobile-only customers among active customers who contact us; for 1Q2020 based on an annualised number of interactions
*** CAGR for number of mobile interactions with ING

We have built a resilient bank through our focus on primary customers and income diversification

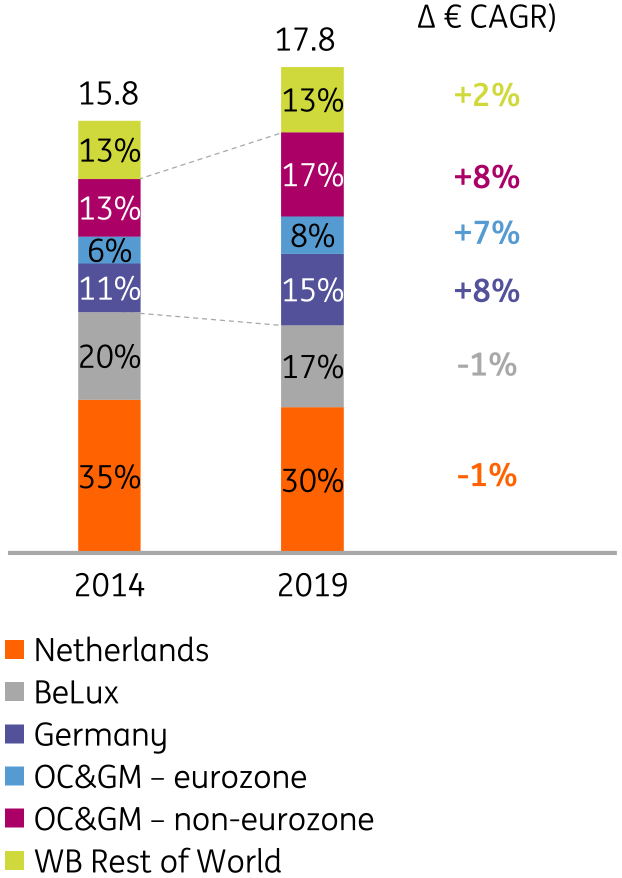
Our primary customer base



Retail income* increasingly diversified across products



Total income** geographically more diversified, with growth in C&GM

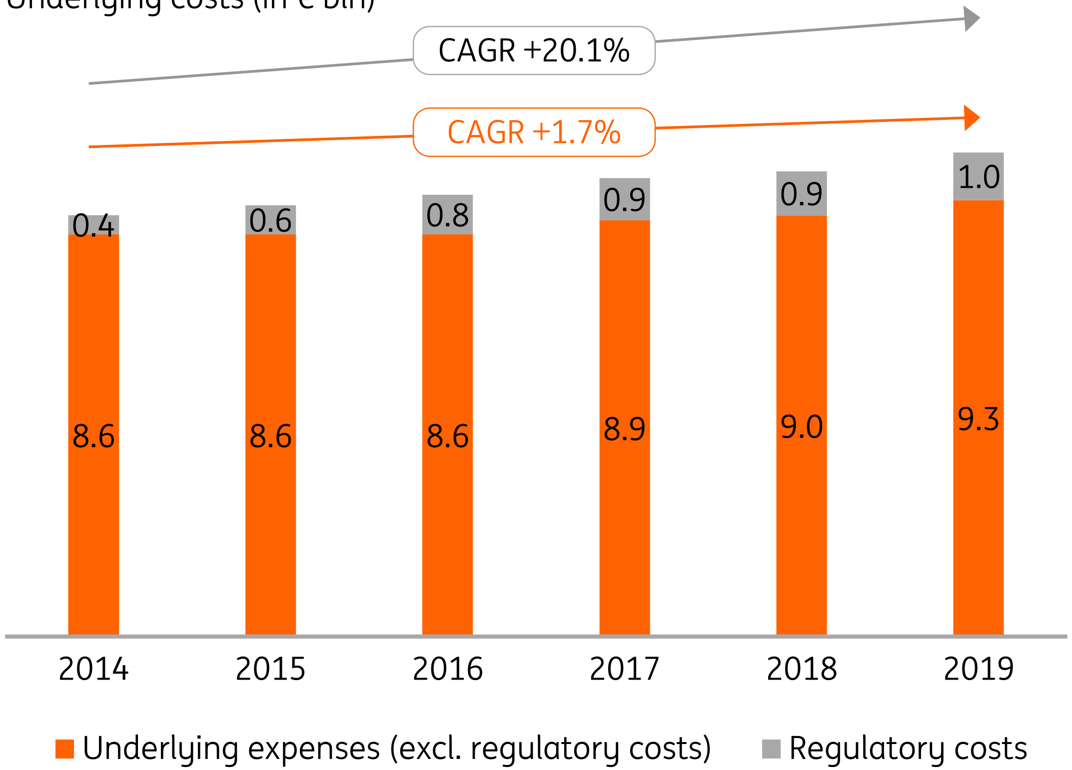


Note: ING financials are based on reported underlying results; as per 1Q2020, key figures are based on IFRS results as adopted by the European Union (IFRS-EU)
* Excluding SME/mid-corporates, Asian bank stakes and Bank Treasury
** Excluding Corporate Line and the Real Estate run-off portfolio; % in 2014 adds up to 98% due to rounding

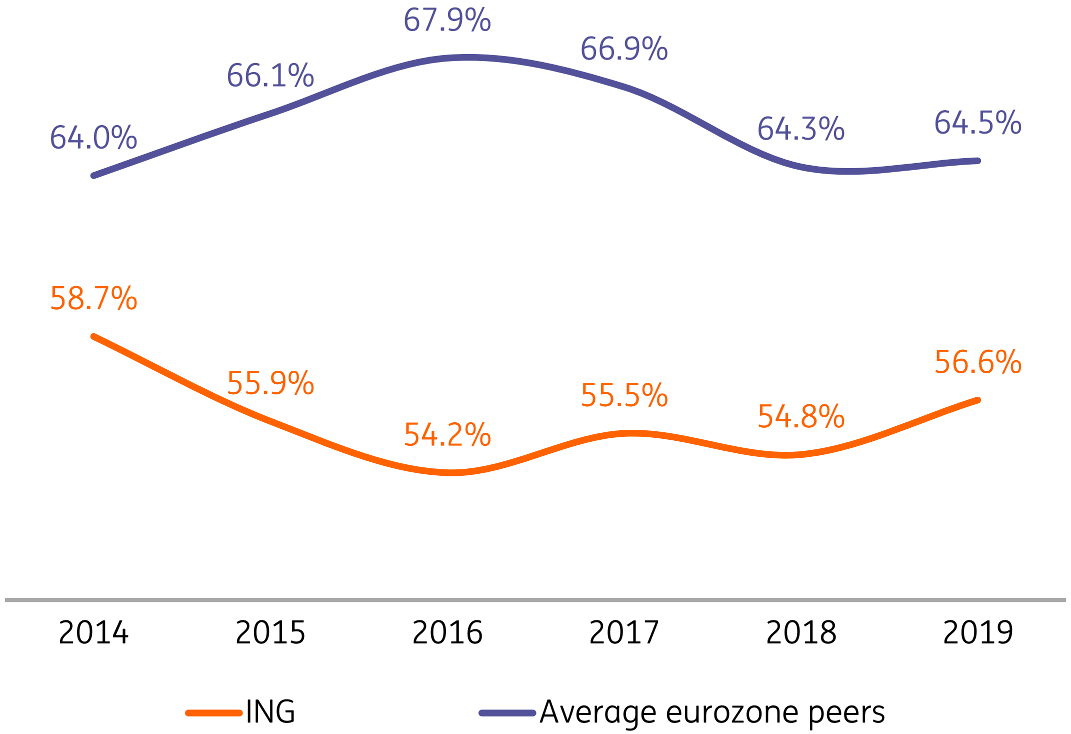
We have maintained cost discipline, while managing KYC-related expenses, regulatory costs and ATF investments

We managed our underlying costs

Underlying costs (in € bln)



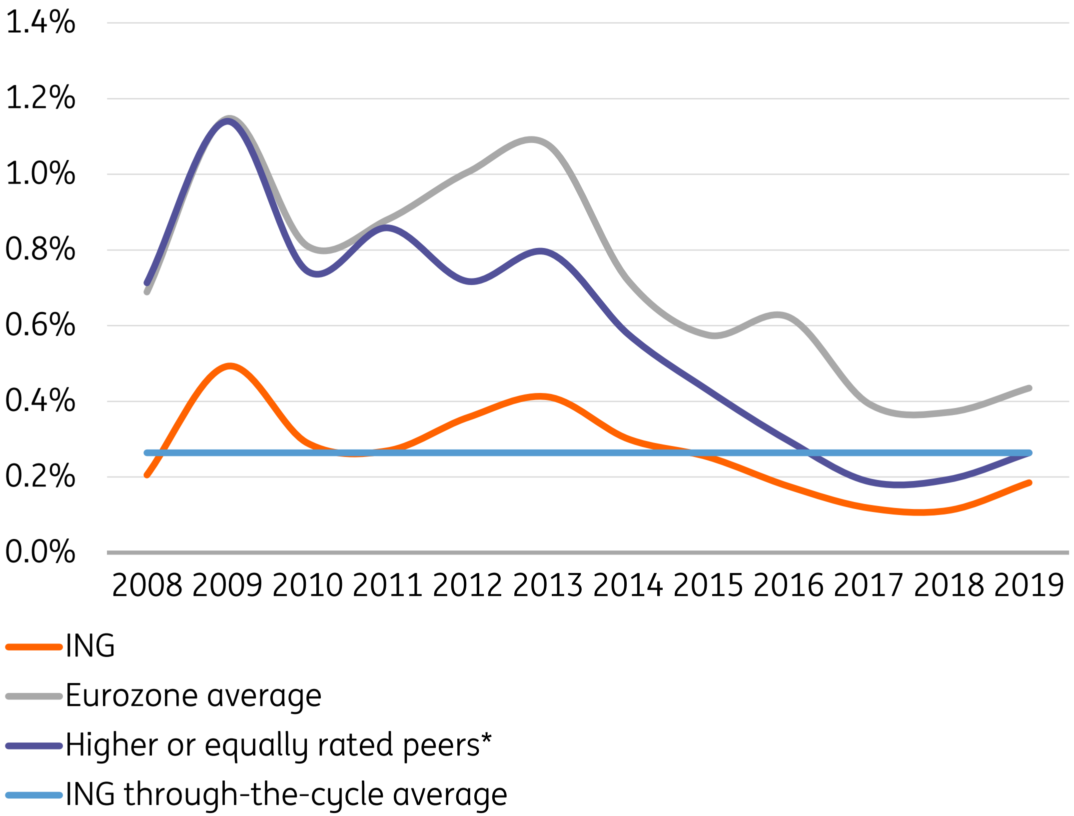
Leading to a best-in-class cost/income ratio in the eurozone



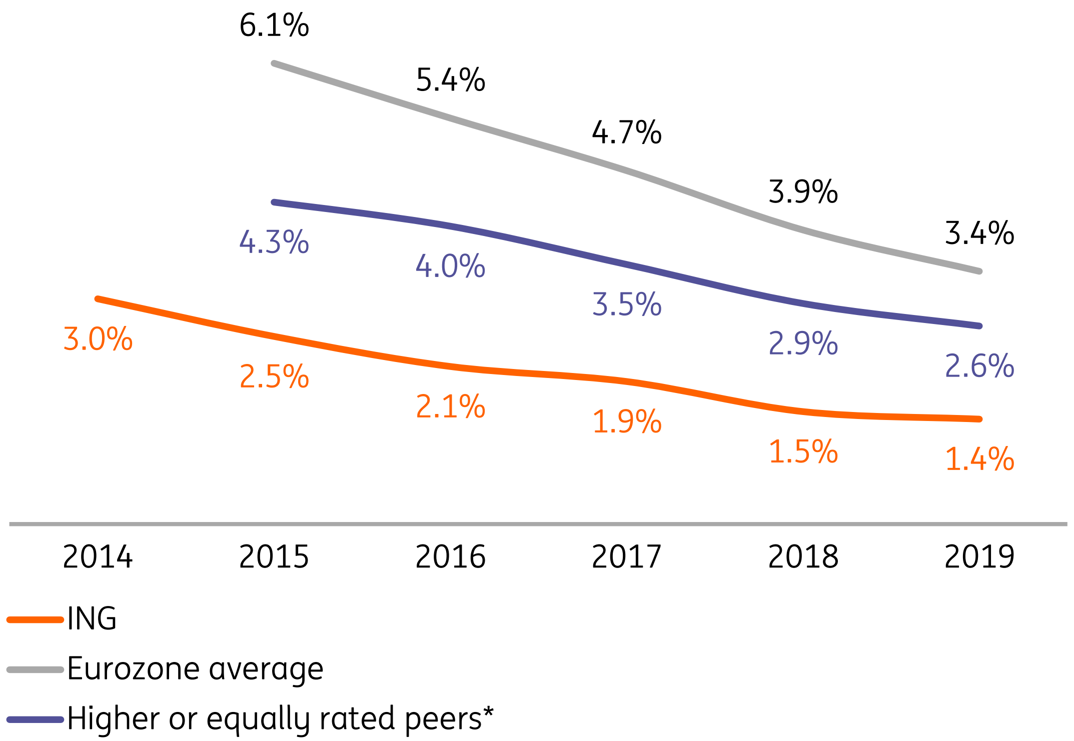
Note: ING financials are based on reported underlying results; as per 1Q2020, key figures are based on IFRS results as adopted by the European Union (IFRS-EU)

Low risk costs compared to eurozone peers and a low Stage 3 ratio

Risk costs / average customer lending (in %)



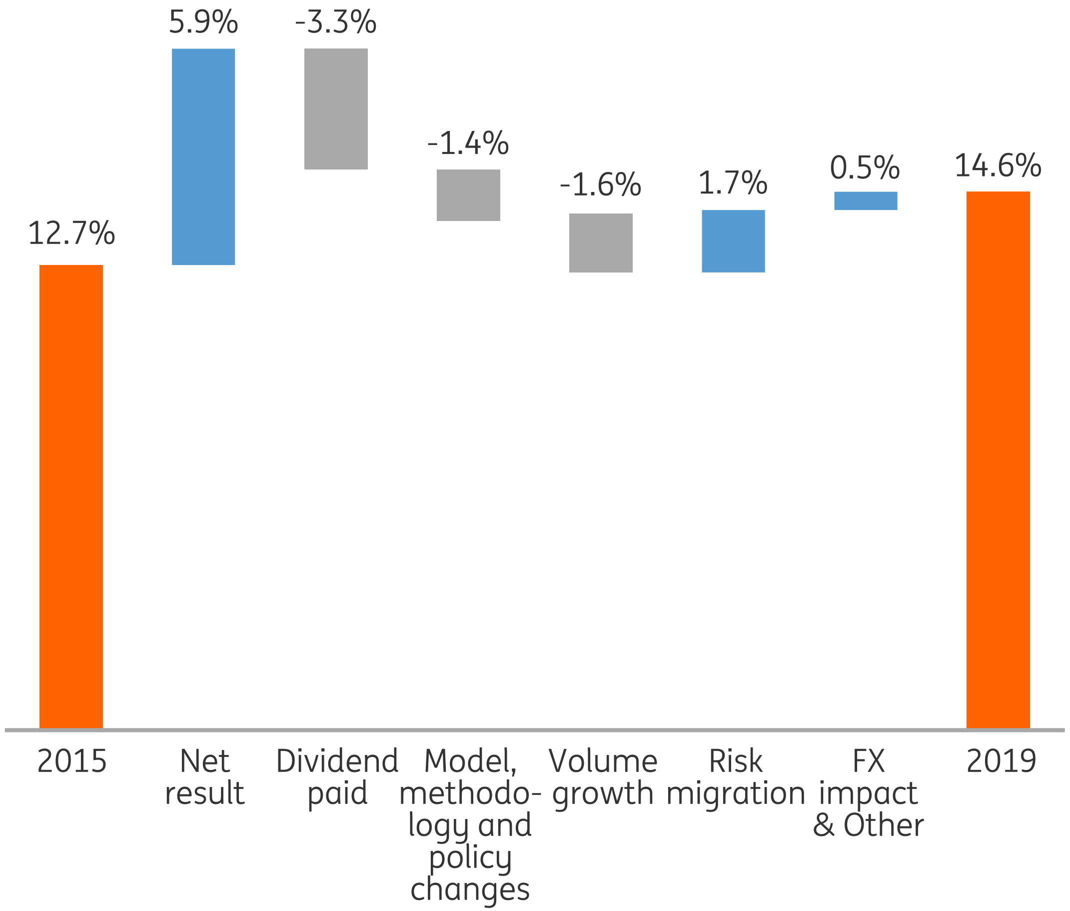
Stage 3 ratio**



Source: Bloomberg 7 February 2020, Annual disclosures
* Higher or equally rated peers by one or more of the main 3 credit rating agencies
** NPL-ratio for the period 2014-2016, Stage 3 ratio from 2017 on; comparable average for 2014 not available as several peers did not report NPL-ratio for 2014

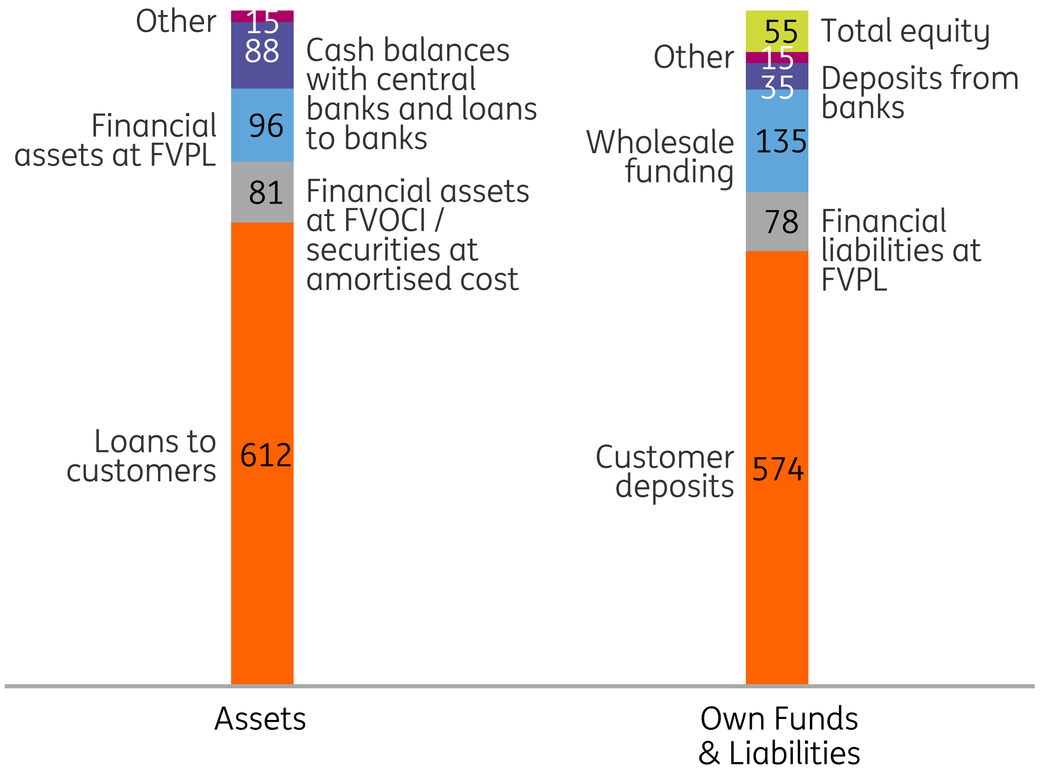
We have a robust capital position with a strong funding structure

Capital development since 2015



Balance sheet ING Group (in € bln)

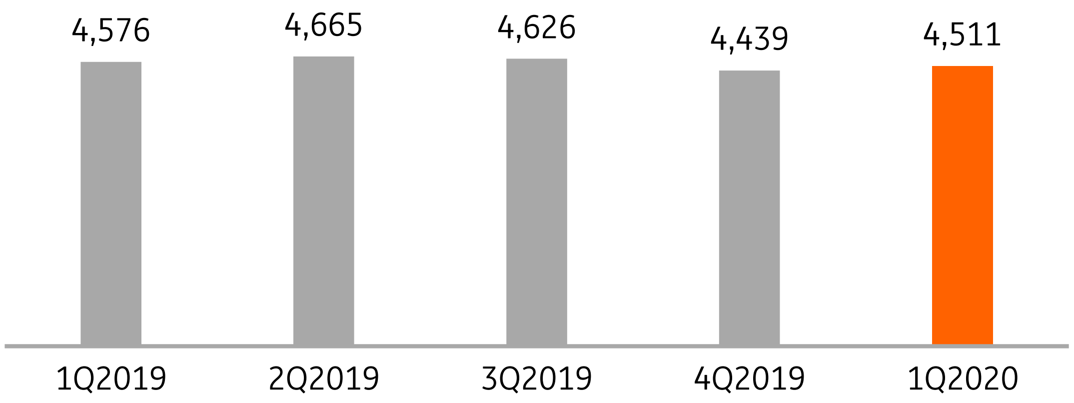
Balance sheet size ING Group 31 December 2019: €892 bln



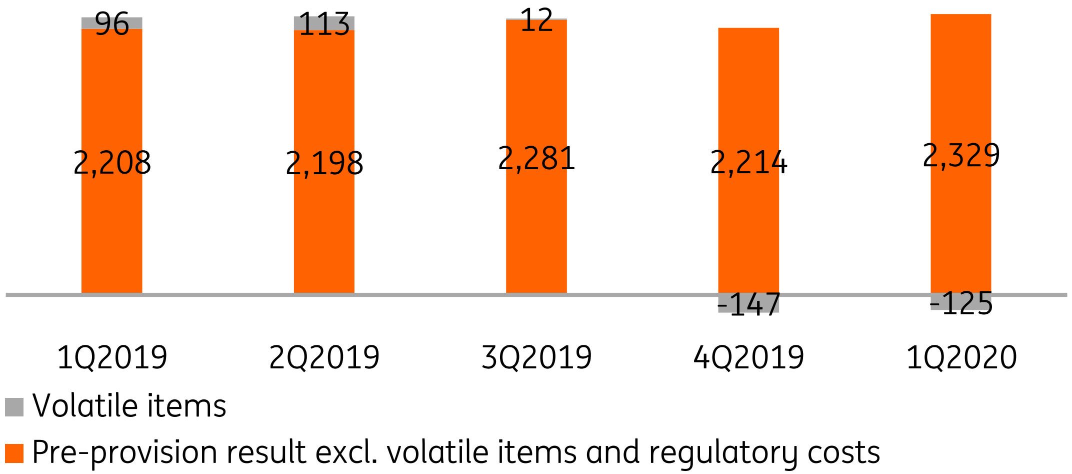
1Q2020 results

Solid pre-provision result reflects discipline in lending margins and fee growth

Income (in € mln)



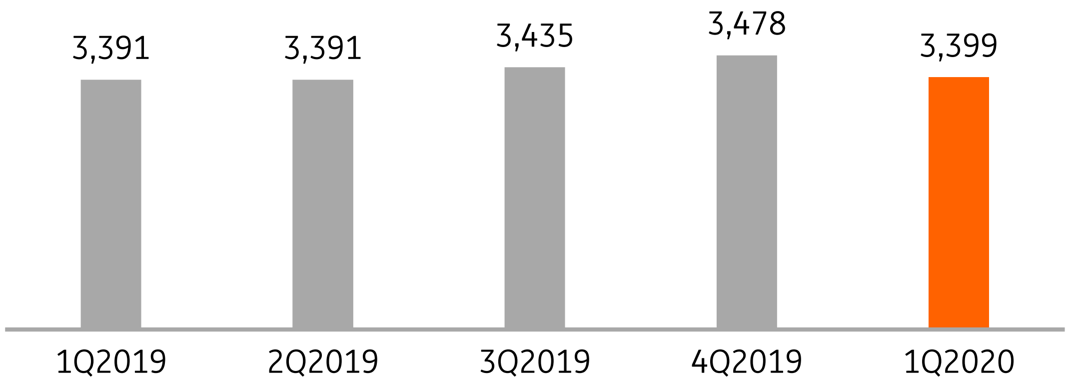
Pre-provision result excl. volatile items and regulatory costs (in € mln)



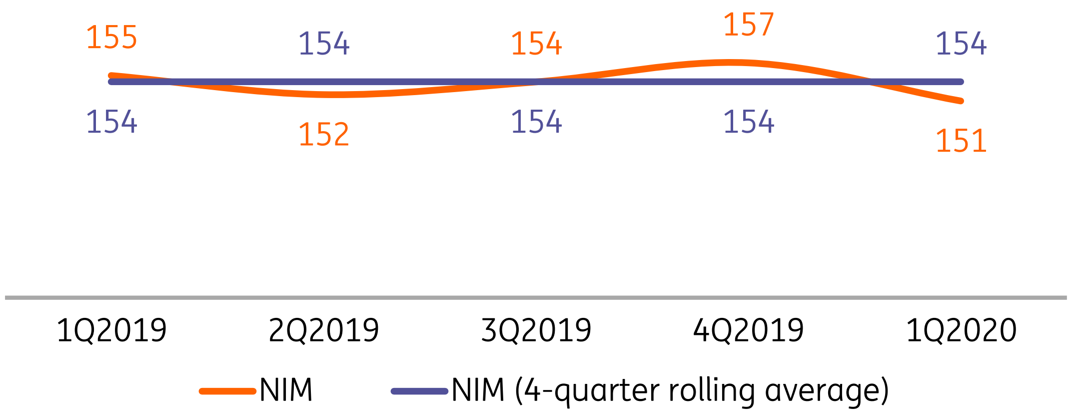
- Income was €65 mln lower compared to 1Q2019 despite higher fee income, increased Treasury-related income and discipline in lending margins. This increase in income was more than offset by negative fair value adjustments, while 1Q2019 included a €119 mln one-off gain from the release of a currency translation reserve
- Sequentially, income was €72 mln higher as higher Treasury-related income and increased fee income more than offset lower interest results, which included some one-offs in the previous quarter
- 1Q2020 pre-provision result excluding volatile items and regulatory costs, was €2,329 mln, up 5.5% from a year ago, driven by higher income (after excluding volatile items)
- Compared to the previous quarter, pre-provision result excluding volatile items and regulatory costs, increased by 5.2%, as both income and costs improved

Stable NII year-on-year; 4-quarter rolling NIM at 154 bps

Net interest income excl. Financial Markets (FM) (in € mln)



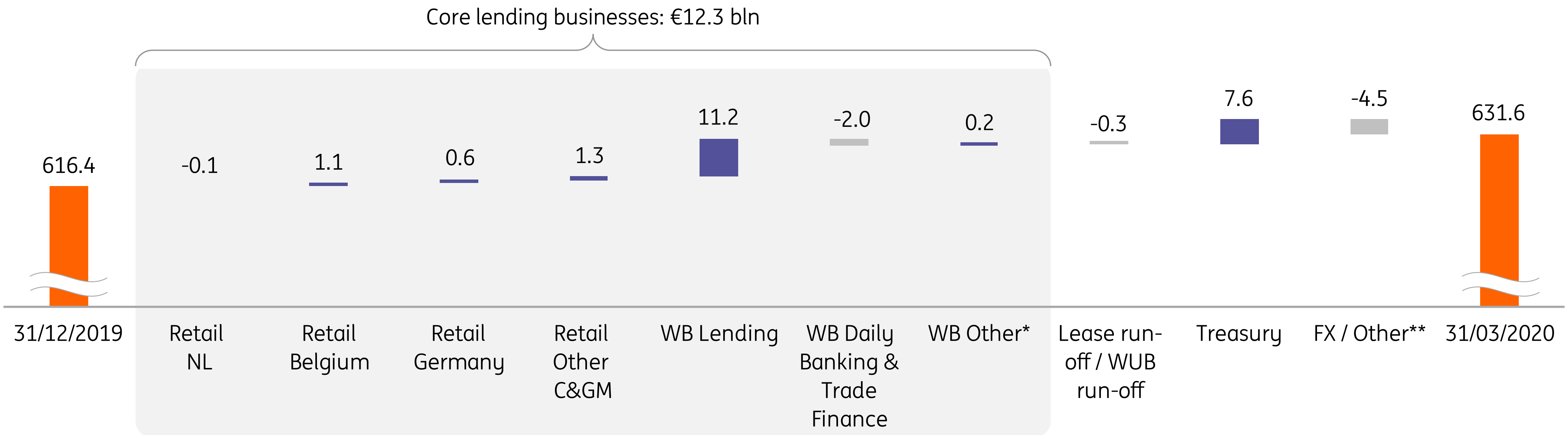
Net Interest Margin (in bps)



- Net interest income, excluding Financial Markets, increased 0.2% compared to 1Q2019. NII increased in Retail Banking, driven by higher interest results related to Treasury and customer lending, which was only partly offset by continued pressure on customer deposit margin
- Sequentially, NII excl. FM decreased 2.3%, driven by lower interest results in Wholesale Banking, which included some one-offs in the previous quarter. In Retail Banking higher interest results on mortgage lending were offset mainly by pressure on customer deposit margin
- NIM was 151 bps, down six basis points from 4Q2019. This was mainly attributable to an increase in the balance sheet and lower (volatile) interest results in Financial Markets, combined with lower lending margins on non-mortgage lending and customer deposits

1Q2020 net core lending driven by Wholesale Banking

Customer lending ING Group 1Q2020 (in € bln)

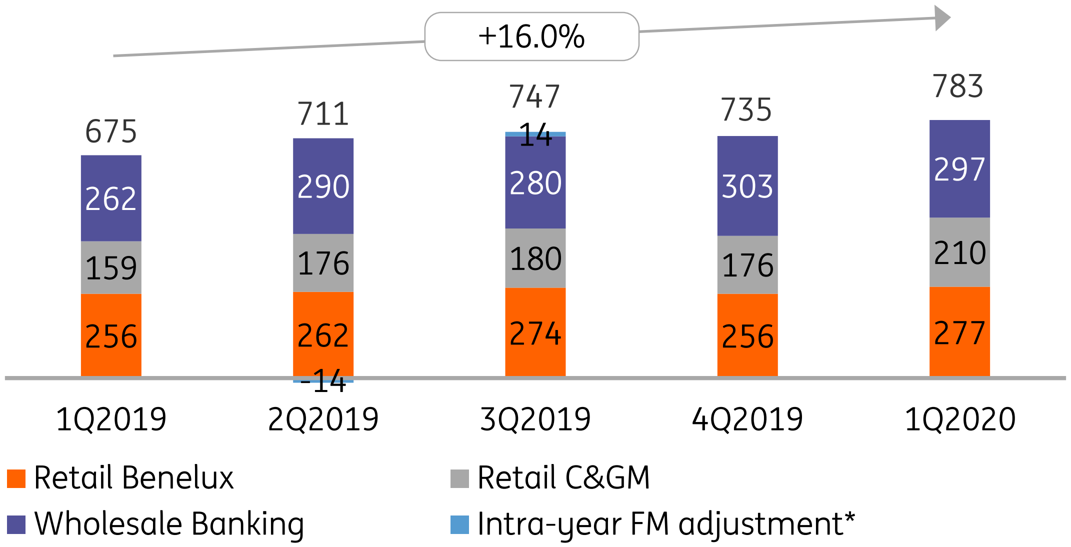


- Our core lending franchise grew by €12.3 bln in 1Q2020
  - Retail Banking increased by €2.9 bln, of which €0.7 bln in mortgages and €2.2 bln in other lending with growth in most countries
  - Wholesale Banking increased by €9.4 bln, mainly in Lending, driven by increased utilisation of revolving credit facilities to secure liquidity in the context of economic uncertainty due to the Covid-19 pandemic, and decline in Daily Banking & Trade Finance, predominantly in Trade & Commodity Finance, reflecting lower average oil prices
- Net customer deposits increased by €9.2 bln

* WB Other includes Financial Markets
** FX impact was €-4.8 bln and Other €0.3 bln

Strong growth of fee income driven by investment and daily banking products

Net fee and commission income* (in € mln)

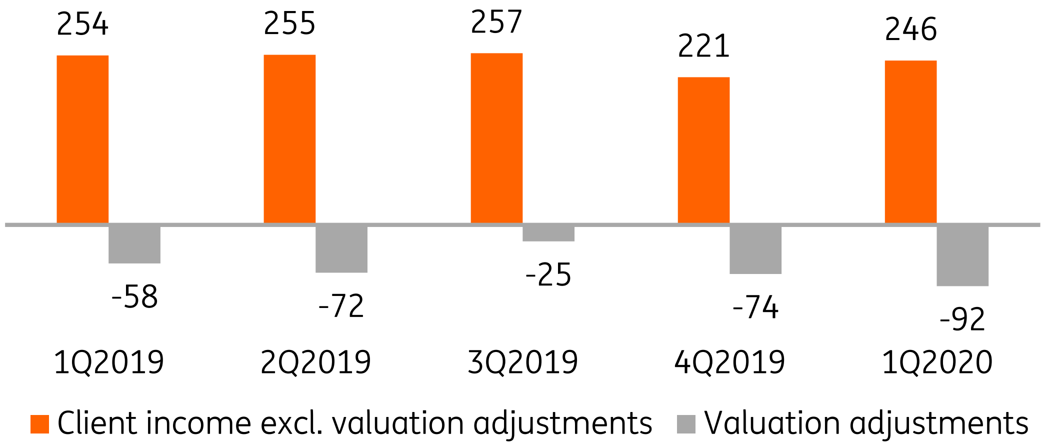


- Fees increased by €108 mln compared to 1Q2019, or 16.0%. This was driven by higher fees on investment and daily banking products in Retail Banking, predominantly in Germany and Belgium. Fee income in Wholesale Banking also increased, primarily in Lending and Financial Markets
- Sequentially, fee income was €48 mln higher, or 6.5%, due to the aforementioned increase in fee income in Retail Banking. In Wholesale Banking fees were slightly lower, due to lower fee income in Trade & Commodity Finance, mainly due to lower average oil prices, and lower deal activity in Corporate Finance

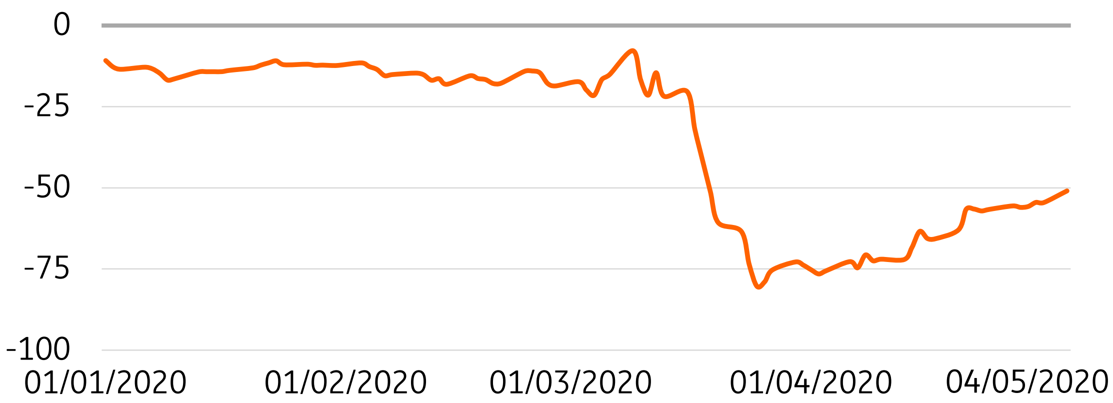
* In 3Q2019, an increase in fees of €14 mln in Wholesale Banking was caused by the reclassification of commissions paid in 2Q2019 to Other Income

FM impacted by valuation adjustments reflecting Covid-19 related market volatility

Income Financial Markets (in € mln)



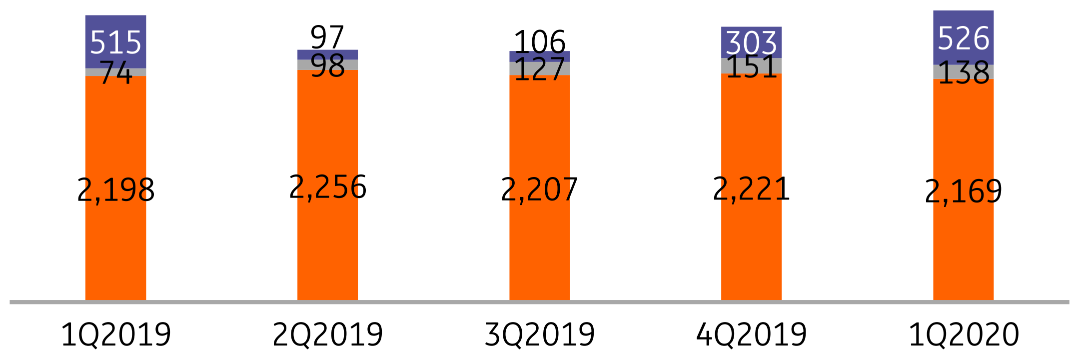
iTraxx main Europe CDS-Bond Basis (in bps)



- Excluding valuation adjustments, FM income was €8 mln lower YoY, mainly due to losses in Credit Trading following an abrupt downward market movement. Other FM segments benefitted from market volatility, resulting in €25 mln higher income QoQ
- Net valuation adjustments in FM were €-92 mln. This was driven by funding valuation adjustments, marked-to-market of our derivatives portfolio and Fair Value Adjustments reflecting increased bid-offer spreads. These negative impacts were partly offset by positive movements, mainly driven by our own hedged positions

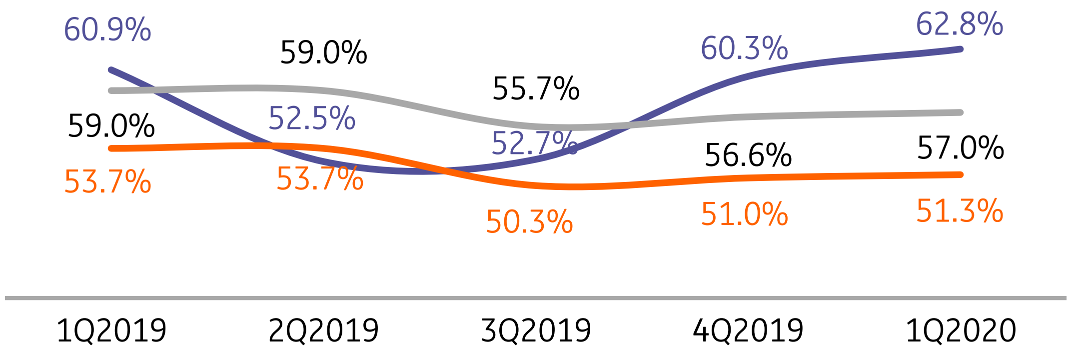
Cost measures partially absorbed elevated KYC and regulatory costs

Expenses (in € mln)



- Regulatory costs*
- KYC related costs
- Expenses excl. KYC and regulatory costs

Cost/income ratio**

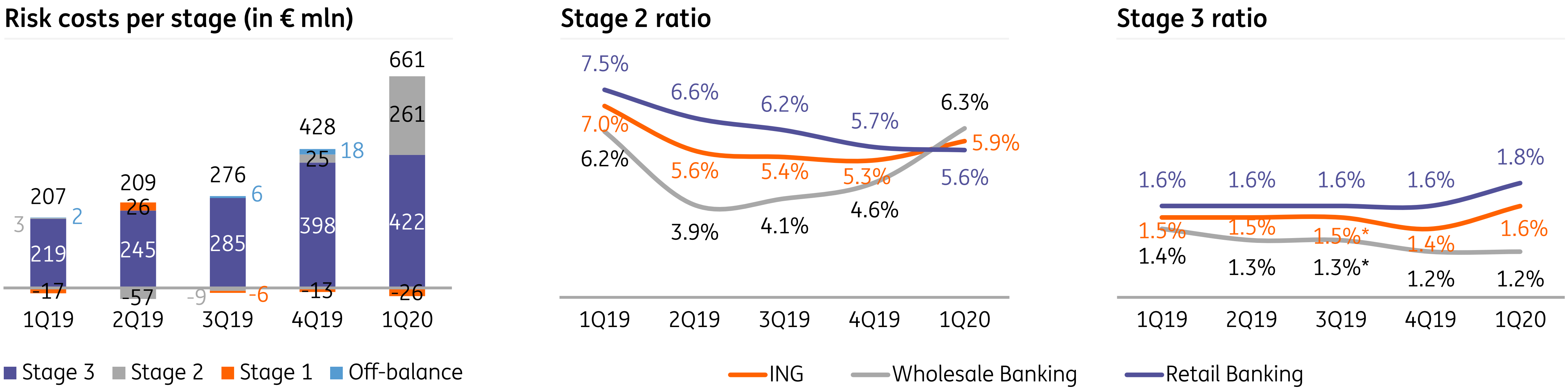


- Cost/income ratio
- Cost/income ratio (4-quarter rolling average)
- Cost/income ratio excl. regulatory costs (4-quarter rolling average)

- Expenses excl. KYC and regulatory costs were €29 mln lower YoY, as cost savings and some one-offs, including a VAT refund in the Corporate Line, offset CLA-related salary increases
- Sequentially, expenses excl. KYC and regulatory costs were €52 mln lower, mainly driven by lower expenses related to staff and marketing in Retail Banking as well as continued cost-efficiency measures
- Regulatory costs were €11 mln higher YoY and €223 mln QoQ. The sequential increase was driven by annual contributions to the Single Resolution Fund and several local Deposit Guarantee Schemes, which are due in the first quarter of each year. This also applies to the annual Belgian bank tax, while 4Q2019 included the annual Dutch bank tax

* Formal build-up phase of Deposit Guarantee Schemes (DGS) and Single Resolution Fund (SRF) should be completed by 2024
** As per 1Q2020, key figures are based on IFRS results as adopted by the European Union (IFRS-EU) and not on underlying anymore. Historical key figures have been adjusted

Risk costs impacted by collective Stage 2 provisioning related to Covid-19 pandemic



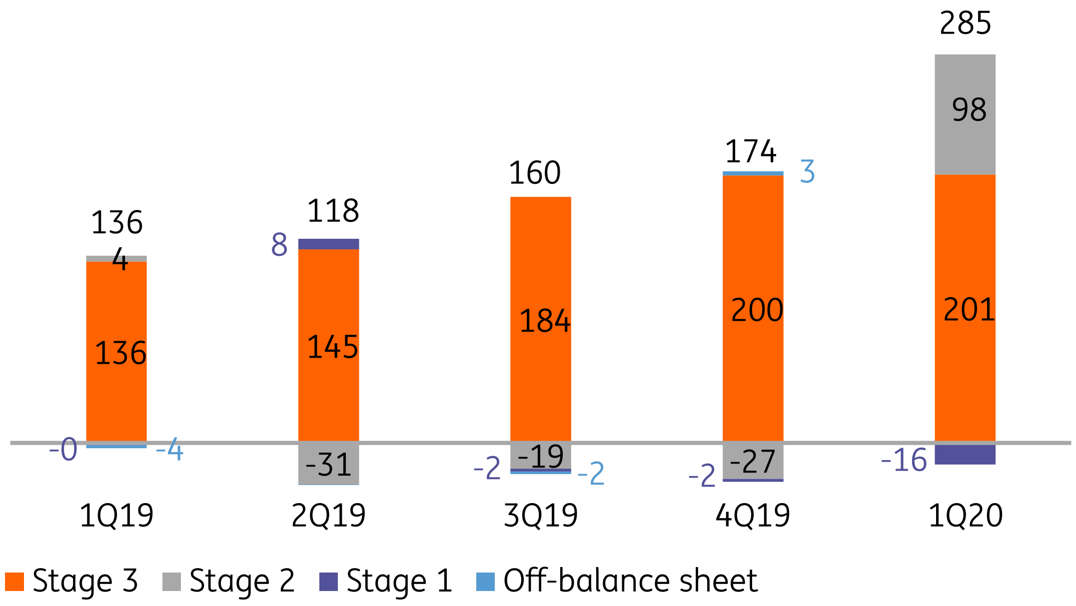
- 1Q2020 risk costs were €661 mln, or 42 bps of average customer lending, above the through-the-cycle average of approx. 25 bps
- Higher risk costs were driven by €247 mln of collective Stage 2 provisions, reflecting both worsened macro-economic indicators and the potential impact from low oil prices. These factors also resulted in an increase in Stage 2 credit outstandings, mainly within WB, which resulted in a higher Stage 2 ratio of 5.9%
- Stage 3 provisions included several larger individual additions on both existing and new files for WB, mainly in the Americas and Asia, and mid-corporates in Belgium. In C&GM higher collective provisions were visible, mainly in Poland, Romania, Italy and Australia
- The Stage 3 ratio increased to 1.6%, with the implementation of the new Definition of Default (DoD) impacting Retail Banking, while the Stage 3 ratio in WB remained low at 1.2%
- See Appendix section of the presentation for further details on asset quality in selected portfolios

* Stage 3 credit-impaired as per 30 September 2019 adjusted downwards by €548 mln

Higher risk costs mainly visible in Stage 2

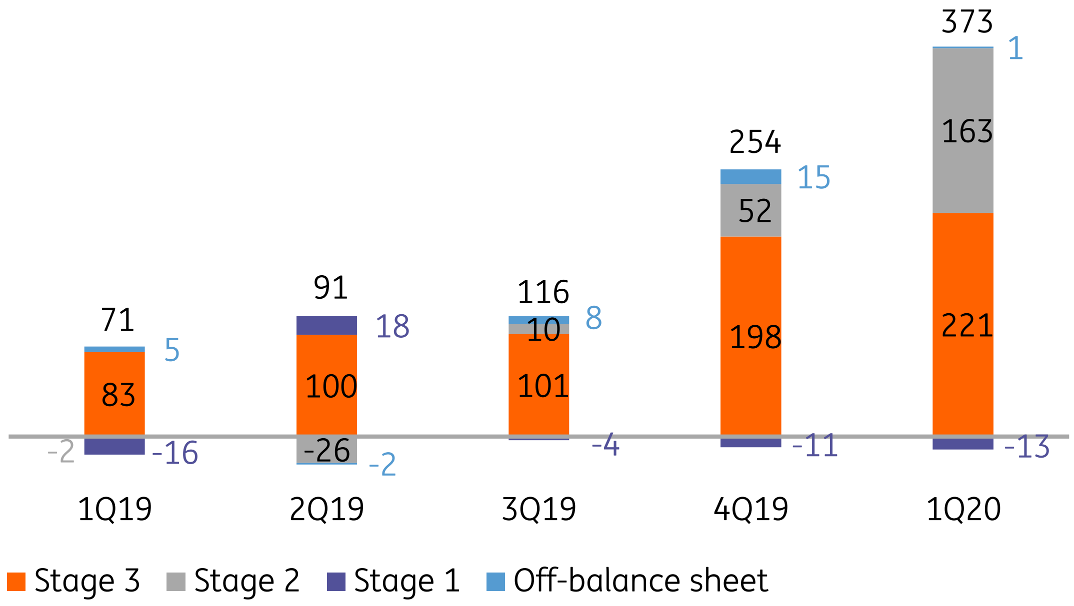
Retail Banking

Risk costs per stage (in € mln)



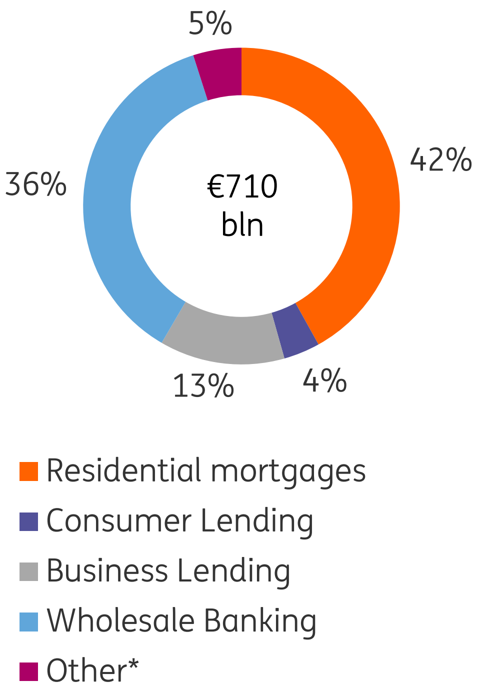
Wholesale Banking

Risk costs per stage (in € mln)



- The increase in risk costs was mainly driven by €247 mln collective Stage 2 provisions:
  - €206 mln in the segments reflecting the worsened macro-economic indicators due to the economic impact of lockdown measures related to the Covid-19 pandemic, allocated to the segments with RB Benelux €45 mln, Retail C&GM €47 mln and WB €114 mln
  - €41 mln in WB reflecting increased risk in the US-based reserve-based lending book due to the sharp decline in oil prices

We remain comfortable with the quality of our book, which is almost fully senior and well-collateralised



Residential Mortgages €298 bln	▪ Average LTV of 60% with low Stage 3 ratio at 1.1% ▪ Risk metrics remain strong, also supported by government schemes
Consumer Lending €26 bln	▪ Relatively small book, mainly related to car loans ▪ Risk metrics slightly deteriorated, however primarily due to implementation of new DoD

Business Lending €91 bln	▪ No increased usage of limits observed, limited exposure to sectors most at risk:
	  ▪ Agriculture: €5.7 bln (0.8% of loan book), Stage 3 ratio at 6.3%
	  ▪ Retail: €4.7 bln (0.7% of loan book), Stage 3 ratio at 6.0%
	  ▪ Hospitality: €3.2 bln (0.4% of loan book), Stage 3 ratio at 2.9%

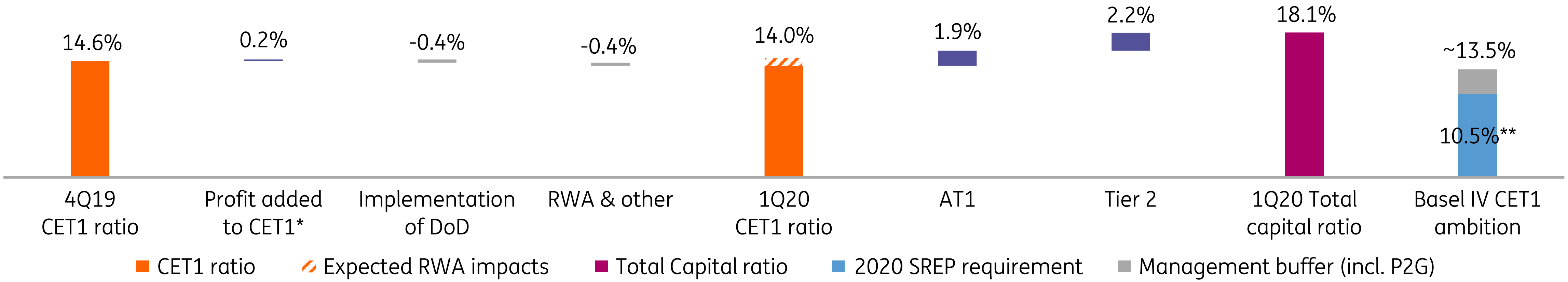
Wholesale Banking €260 bln	▪ Elevated drawings of facilities have normalised, limited exposure to sectors most at risk:
	  ▪ Leveraged Finance: €8.4 bln (capped at €9.6 bln), well-diversified over sectors
	  ▪ Oil & Gas: €4.6 bln with direct exposure to oil price risk (0.6% of loan book; Reserve based lending (€3.6 bln) and Offshore business (€1.0 bln))
	  ▪ Aviation: €2.9 bln (0.4% of loan book), large share ECA cover, low Stage 3% at 0.04%
	  ▪ Hospitality: €1.7 bln (0.2% of loan book), low Stage 3% at 0.2%

Commercial Real Estate (RB + WB)	▪ Total €51.6 bln (7.3% of loan book), booked in RB and WB ▪ Well-diversified capped loan book with 18% in retail-related real estate ▪ LtV at 50% and low Stage 3% at 0.9%

* Other includes €16 bln Bank Treasury and €19 bln Other Lending

ING Group CET1 ratio robust at 14.0%

ING Group Total capital ratio development



- The 1Q2020 CET1 ratio came in lower at 14.0%, reflecting both lower CET1 capital (~40 bps) and higher RWAs
  - CET1 capital decreased as adding €670 mln of net profit, following the suspension of dividend in line with the ECB recommendation*, was more than offset by a €0.5 bln decrease in volatility-driven revaluation reserves and €0.6 bln negative FX impact
  - RWAs were up mainly due to the implementation of the new Definition of Default (€9.9 bln) and €5.1 bln lending growth, which more than offset the release of €6.6 bln of expected supervisory RWA impact (mainly TRIM) taken in 4Q2019, reflecting the postponement of some pending TRIM impacts by the ECB
- The €1,754 mln reserved for the 2019 final dividend was not added back to CET1 capital and remains reserved for dividend
- With the announced postponement of Basel IV, TRIM and the floor on Dutch mortgages, additional RWA impact coming from banking regulation and model reviews will be partly delayed. The magnitude of total RWA impact remains uncertain, though with impact from DoD and part of TRIM included, we believe further RWA impact is manageable
- With AT1 and T2 above minimum requirements, we are well positioned to benefit from article 104a of CRDV
- We maintain our CET1 ratio ambition of around 13.5%, our buffer above MDA level stands at 3.5%

* Following ECB recommendations we have announced dividend payments are suspended until at least 1 October 2020 and no dividend reservations will be made until that date. 1Q2020 Group net profit of €670 mln was fully added to regulatory capital while €1,754 mln reserved for final dividend 2019 has not been added back
** SREP requirement was reduced to 10.51% from 11.86% 4Q19 or fully-loaded 11.99% at YE2020 following the reduction of countercyclical buffers (fully-loaded -22 bps) and the Systemic Risk buffer (-50 bps) as well as pulling forward CRDV article 104a (-77 bps)

ING Group financial ambitions

		Actual 2019	**Actual 1Q2020**	Financial ambitions
Capital	▪ CET1 ratio (%)	14.6%	**14.0%**	~13.5%* (Basel IV)
	▪ Leverage ratio (%)	4.6%	**4.3%**	>4%
Profitability	▪ ROE (%)** (IFRS-EU Equity)	9.4%	**8.4%**	10-12%
	▪ *C/I ratio (%)** *	*56.6%*	***57.0%***	*50-52%*
Dividend	▪ Dividend (per share)	€0.24***		Dividend payments suspended until October 2020

* Implies management buffer (incl. Pillar 2 Guidance) of ~300 bps over prevailing fully-loaded CET1 requirements (10.51% fully loaded, after reduction of several buffers in a response to the Covis-19 pandemic and the pulling forward of the implementation of article 104a of CRDV)
** Based on 4-quarter rolling average. ING Group ROE is calculated using IFRS-EU shareholders' equity after excluding 'interim profit not included in CET1 capital'. As at 31 March 2020, interim profit not included in CET1 capital amounts to €1,754 mln, reflecting an initial reservation for the 2019 final dividend payment, which was suspended until at least 1 October 2020
*** Interim dividend 2019

Wrap up

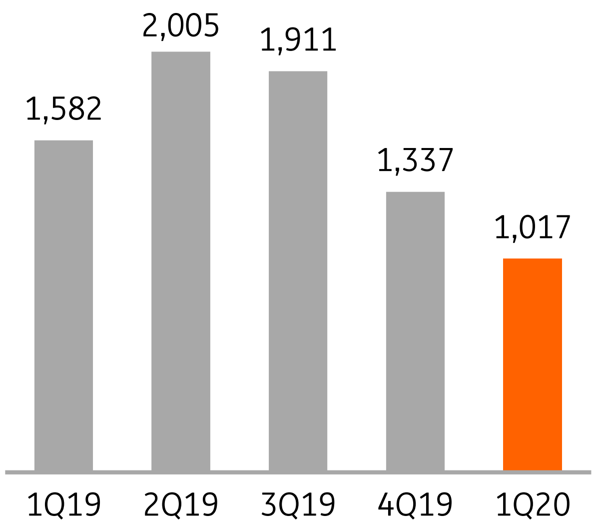
Wrap up

- In line with our purpose, we take actions to support our customers, employees and society in coping with the impact of the Covid-19 pandemic. In many countries we are working with governments to provide our retail and wholesale banking customers with the necessary financial flexibility, while ensuring we continue to play the vital role banks have in society, providing key banking services throughout our network
- The strength of our digital business model is proven, with stable NII, accelerating fees, cost control and absorbing the new Definition of Default impact on capital
- Net core lending growth was €12.3 bln, primarily in Wholesale Banking, which was up by €9.4 bln
- Pre-provision results were solid, supported by disciplined pricing, higher fee income and cost control. This was partly countered by margin pressure on customer deposits and negative marked-to-market results reflecting Covid-19 related market volatility at the end of March
- Risk costs increased, driven by €247 mln of collective Stage 2 provisioning, reflecting the potential macro-economic impact of the Covid-19 pandemic and low oil prices
- 1Q2020 CET1 ratio was 14.0%, with capital negatively impacted by market volatility at the end of March (~40 bps) and having fully absorbed €9.9 bln of RWA impact related to the new Definition of Default
- The Covid-19 pandemic will have further impact in the coming quarters. The level of impact will depend on several factors including how long lockdown measures will remain in place, how effective government support schemes to mitigate the economic impact will be and how quickly the global economy will recover
- We are in a good position to face a change in the cycle with a robust capital position, a strong funding structure and a very low Stage 3 ratio

Appendix

Volatile items and regulatory costs impacted 1Q2020 pre-tax result

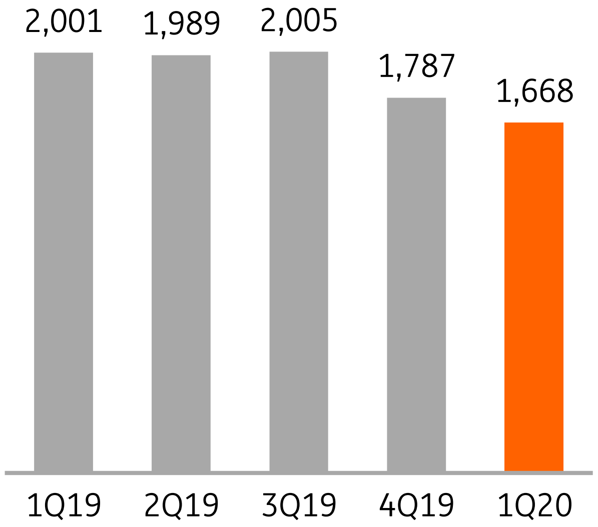
Pre-tax result (in € mln)



Volatile items and regulatory costs (in € mln)

	1Q19	2Q19	3Q19	4Q19	1Q20
WB/FM – valuation adjustments	-58	-72	-25	-74	-92
Capital gains/losses	28	21	5	-8	138
Hedge ineffectiveness	7	85	32	-65	-89
Other items*	119	79			-82
Total volatile items	96	113	12	-147	-125
Regulatory costs	-515	-97	-106	-303	-526

Pre-tax result excl. volatile items and regulatory costs (in € mln)



- Excluding volatile items and regulatory costs, 1Q2020 pre-tax result was down 16.6% from 1Q2019, as higher income could not compensate for an increase in risk costs
- Quarter-on-quarter, the result before tax excluding volatile items and regulatory costs, was 6.7% lower, as improved income and lower expenses were more than offset by higher risk costs

* Other items in 1Q2019 concerns a €119 mln one-off gain on the release of a currency translation reserve related to the sale of ING's stake in Kotak Mahindra Bank; 2Q2019 concerns the recognition of a €79 mln receivable related to the insolvency of a financial institution; 1Q20 concerns €-82 mln of losses within WB/Lending mainly due to negative marked-to-market adjustments related to syndicated loans and loans at fair value through profit or loss

Group CET1 ratio at 14.0% and ROE at 8.4%

Group CET1 ratio development during 1Q2020 (amounts in € bln and %)

	Capital	RWA	Ratio	Change
Actuals 31 December 2019	**47.6**	**326.4**	**14.6%**	
Net profit included in CET1*	0.7	-		0.21%
Equity stakes	-0.3	-1.0		0.09%
FX	-0.6	-1.3		-0.13%
RWA & Other**	-0.5	7.0		-0.57%
ORWA	-	-0.2		0.01%
MRWA	-	4.5		-0.21%
Actuals 31 March 2020	**46.8**	**335.4**	**14.0%**	**-0.60%**

Group ROE calculation in 1Q2020 (in € mln)

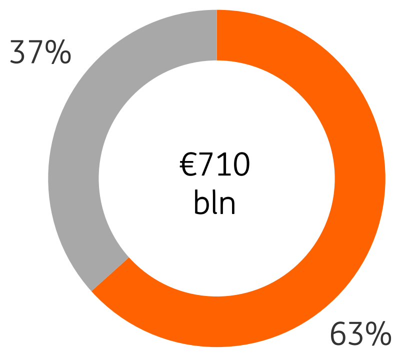
As of 31 March 2020	
IFRS-EU shareholders' equity	54,334
deduct: Interim profit not included in CET1 capital***	1,754
Adjusted shareholders' equity	**52,580**
Adjusted shareholders' equity (4Q-rolling average)	51,509
Net result (last four quarters)	4,332
ROE (4Q-rolling average)	**8.4 %**

* 1Q2020 Group net profit (€670 mln) is included in Group CET1 capital
** RWA and Other includes the impact from volume growth (-23 bps), model, methodology and policy updates (-27 bps) and other (-26 bps), offset by positive risk migration (19 bps)
*** As at 31 March 2020, interim profit not included in CET1 capital amounts to €1,754 mln, reflecting an initial reservation for the 2019 final dividend payment, which was suspended until at least 1 October 2020

Well-diversified lending credit outstandings by activity

ING Group*

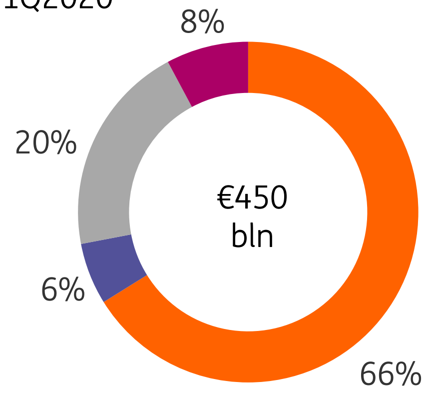
1Q2020



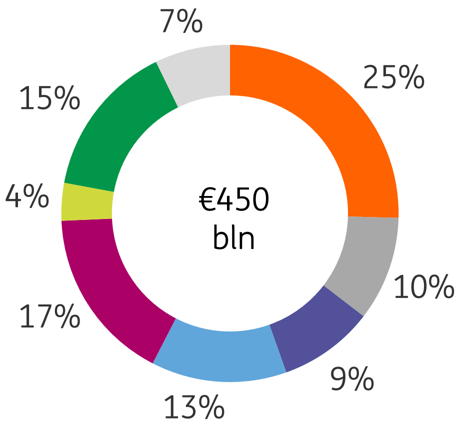
- Retail Banking
- Wholesale Banking

Retail Banking*

1Q2020



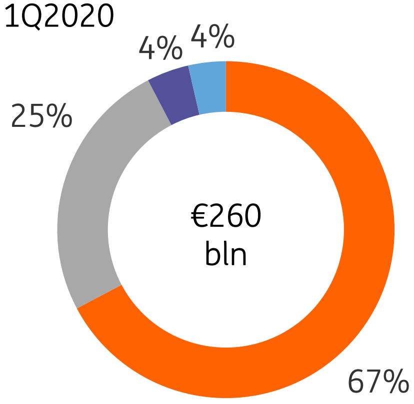
- Residential mortgages
- Consumer Lending
- Business Lending
- Other Lending**



- Mortgages Netherlands
- Other lending Netherlands
- Mortgages Belgium
- Other lending Belgium
- Mortgages Germany
- Other lending Germany
- Mortgages Other C&GM
- Other lending Other C&GM

Wholesale Banking*

1Q2020



- Lending
- Daily Banking & Trade Finance
- Financial Markets
- Treasury & Other

- ING has a well-diversified and well-collateralised loan book with a strong focus on own-originated mortgages and senior loans; 63% of the portfolio is retail-based

Note: percentages for Retail (Netherlands) and Wholesale Banking have changed versus 4Q2018 as the Real Estate Finance portfolio related to Dutch domestic mid-corporates was transferred to Retail Netherlands from Wholesale Banking as per 1Q2019
* 31 March 2020 lending and money market credit outstandings, including guarantees and letters of credit, but excluding undrawn committed exposures (off-balance sheet positions)
** Includes €16 bln Bank Treasury and €19 bln of Other Retail lending as per 1Q2020

Detailed disclosure on selected countries

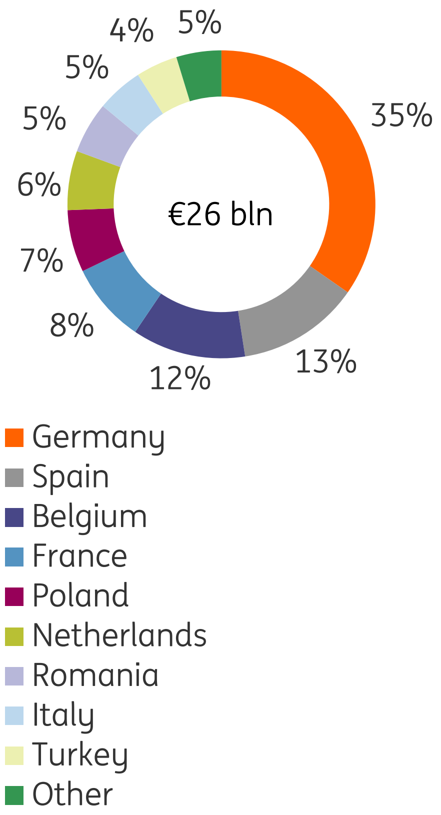
Selected countries (in € bln)

	Lending credit O/S 1Q2020	Stage 2 ratio 1Q2020	Stage 3 ratio 1Q2020	Lending credit O/S 4Q2019	Stage 2 ratio 4Q2019	Stage 3 ratio 4Q2019
France	9.6	6.1%	0.6%	8.8	3.0%	0.7%
Italy	16.0	4.5%	2.8%	16.5	4.1%	2.0%
Spain	25.9	1.9%	1.0%	25.5	1.6%	1.1%
USA	37.9	13.0%	1.3%	34.9	6.7%	1.3%

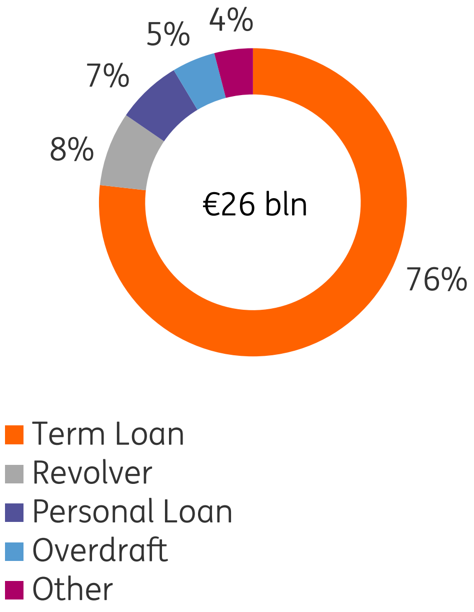
Granular Retail Consumer Lending and Business Lending

Consumer Lending – 1Q2020 Lending Credit Outstandings

By geography

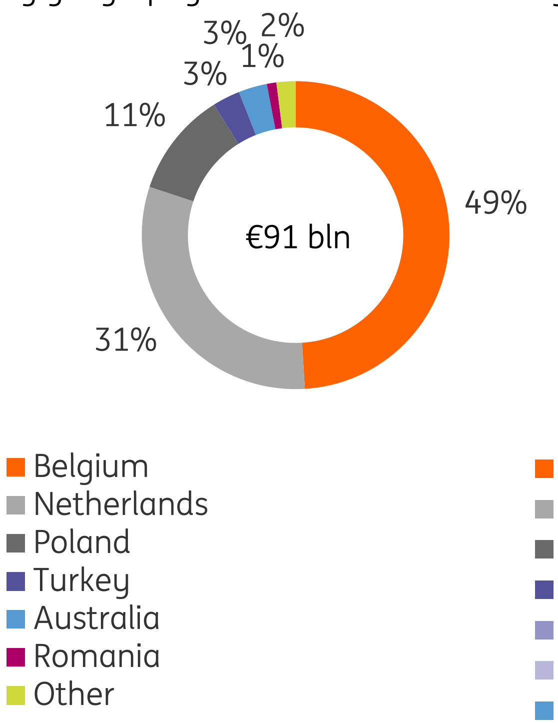


By product

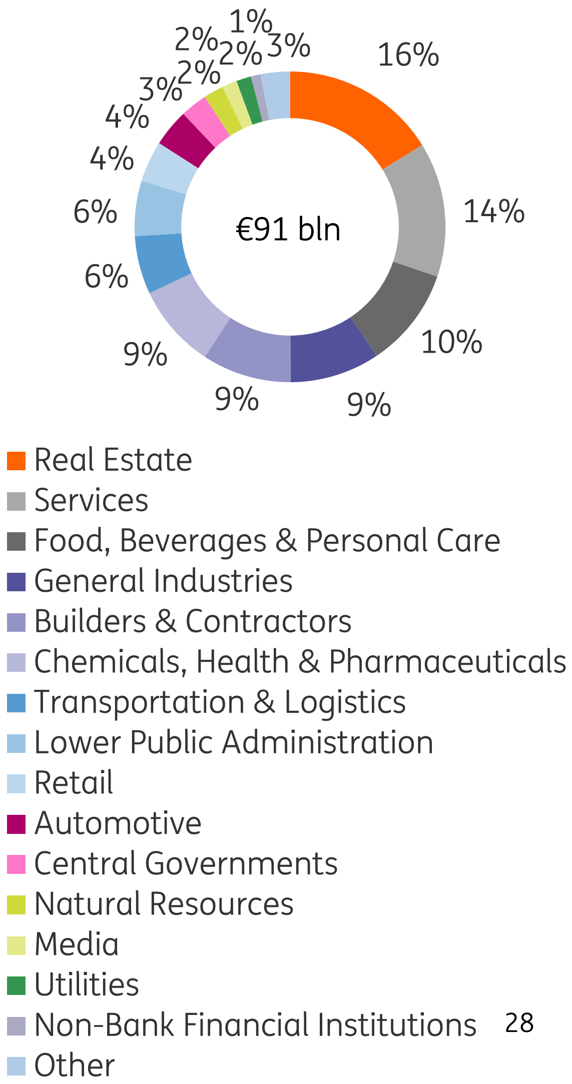


Business Lending – 1Q2020 Lending Credit Outstandings

By geography



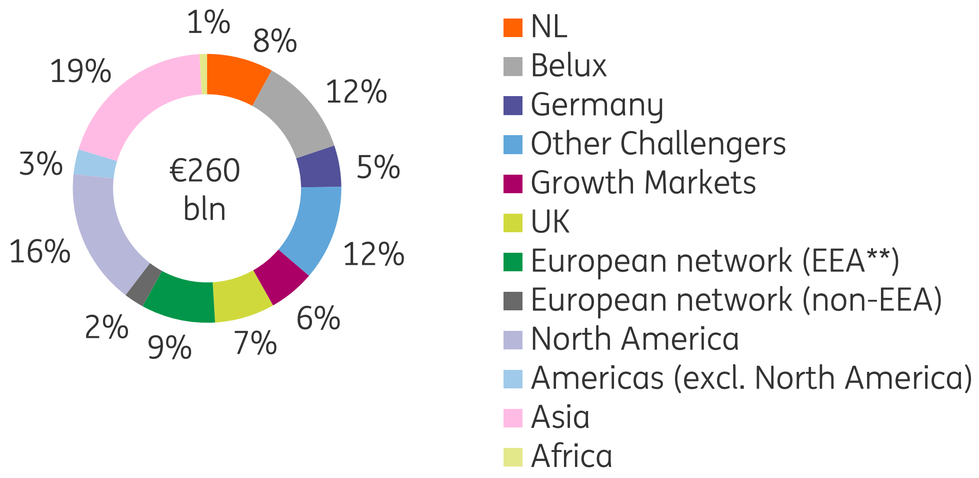
By sector



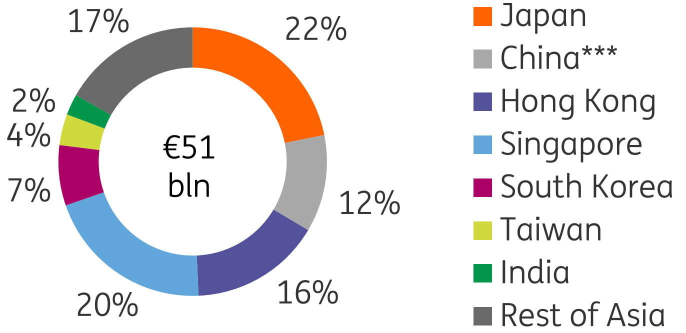
Granular Wholesale Banking lending

Loan portfolio is well diversified across geographies…

Lending Credit O/S Wholesale Banking (1Q2020)*

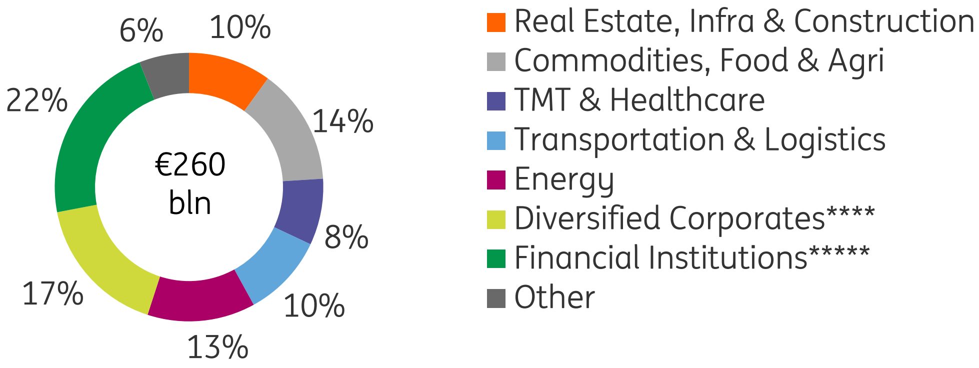


Lending Credit O/S Wholesale Banking Asia (1Q2020)*

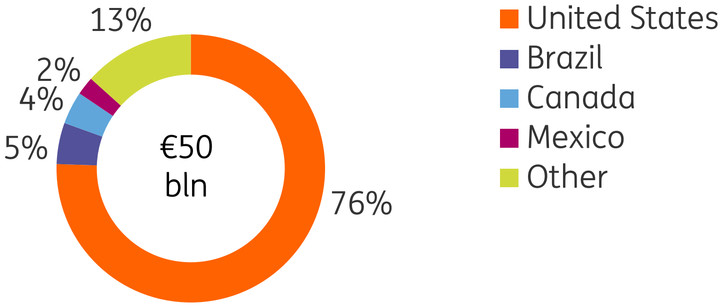


…and sectors

Lending Credit O/S Wholesale Banking (1Q2020)*



Lending Credit O/S Wholesale Banking Americas (1Q2020)*



* Data is based on country/region of residence; Lending and money market credit O/S, including guarantees and letters of credit but excluding undrawn committed exposures (off-balance sheet positions); ** Member countries of the European Economic Area (EEA); *** Excluding our stake in Bank of Beijing (€1.7 bln at 31 March 2020); **** Large corporate clients active across multiple sectors; ***** Including Financial sponsors

Leveraged finance book managed within a restrictive framework

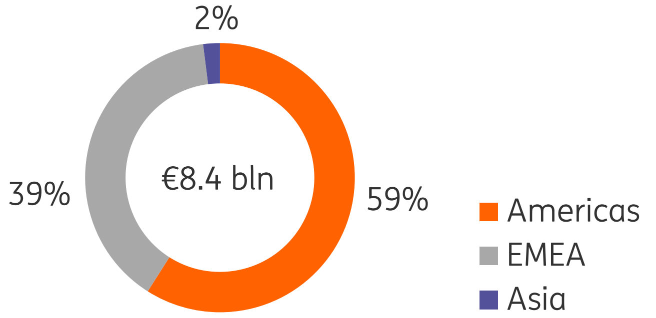
Business overview

- Focus on larger sponsors with an established track record and a history of resolving issues in the event of underperformance by the acquired business
- Granular book of €8.4 bln as per 1Q2020
- Number of underwritten transactions in 2019 declined by 28% YoY, as a result of reduced market volume and our conservative stance on leverage
- There were supportive market conditions in the beginning of the year, evidenced by a substantial increase in the number of transactions. At the end of 1Q2020, we were able to syndicate the vast majority of the underwritten amount, and only 2 new transactions remained on our B/S for the full amount on 31 March 2020

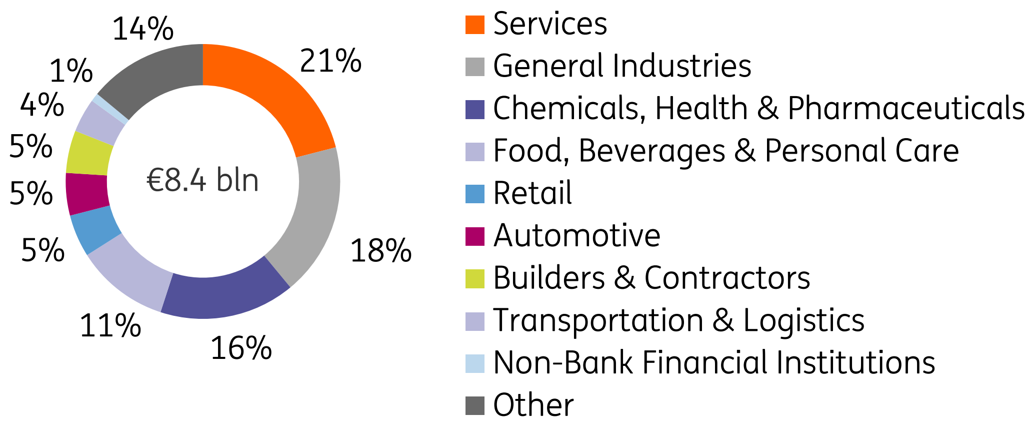
Main actions taken

- Global cap of €9.6 bln
- Maximum final take for a single transaction €25 mln
- Maximum total leverage 6.5x
- No single underwrites

Leveraged finance book* focused on developed markets (as per 1Q2020)



Leveraged finance book* highly diversified by industry (as per 1Q2020)



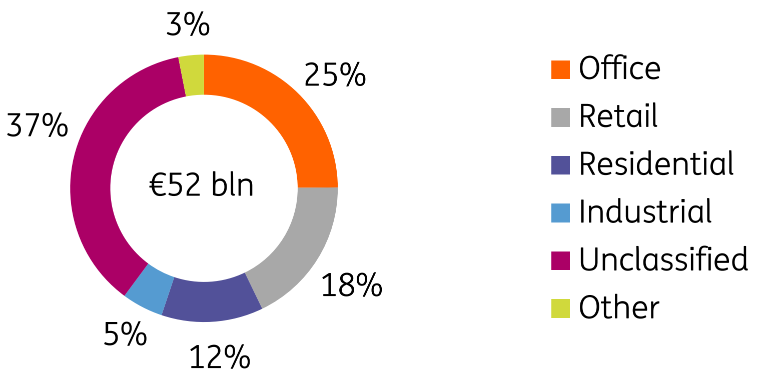
* Leveraged finance is defined as Private Equity driven leveraged finance with higher than 4x leverage. Leveraged finance book is total commitments (i.e. including undrawn)

Well-diversified Commercial Real Estate (CRE) portfolio

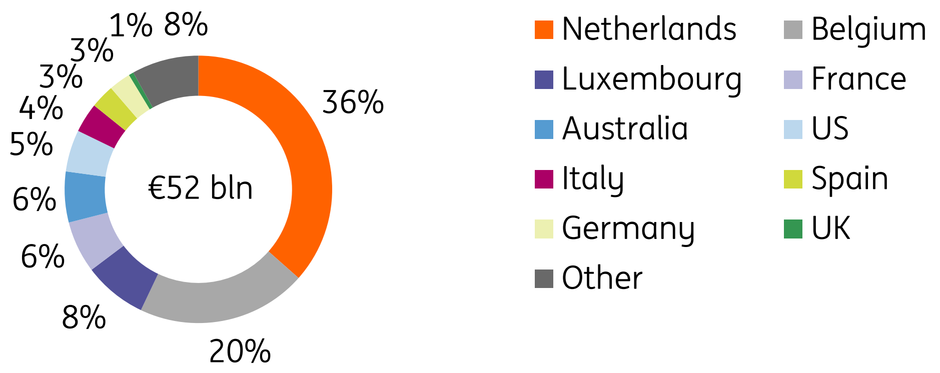
Business overview

- CRE portfolio of €51.6 bln, cap at €56 bln, split between:
  - Real Estate Finance (REF) €36.8 bln
  - Retail Banking €14.8 bln
- REF portfolio is managed by Wholesale Banking, booked in WB (€25.6 bln) and RB (€11.2 bln) based on client type
- Retail Banking portfolio mainly in RB Benelux to companies in the mid-corporates segment, generally professional investors with real estate portfolios rented to third parties (mainly residential) and part construction finance to professional parties within a strict risk appetite (>90% residential development, minimum % of pre-sold units, recourse on shareholders with stable cash flows)
- Overall well diversified portfolio both in terms of geography and asset type, with LtV of 50% and low Stage 3 ratio of 0.9%
- Portfolio is managed within risk appetite of global CRE policy which includes focus on diversified portfolios (in principle no single tenants or objects), no hotels (only exception if small part of quality real estate portfolio)
- In the current market most scrutiny on asset type Retail, which is 18% of the total CRE book. We have a restrictive policy in place, with focus on supermarkets or smaller malls which include at least one supermarket

CRE breakdown by asset type (as per 1Q2020)

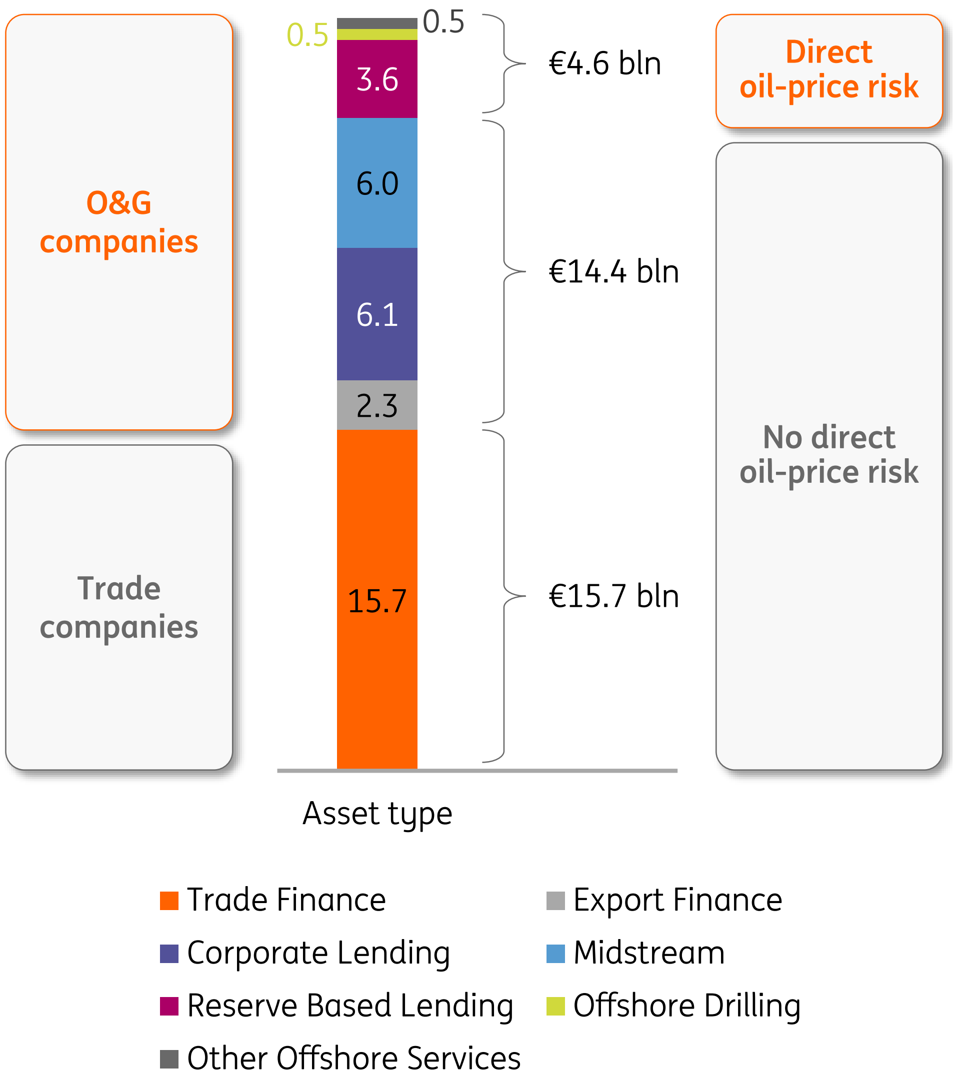


CRE breakdown by geography* (as per 1Q2020)



* Geographical split based on country of residence

Oil & Gas book: only €4.6 bln directly exposed to oil-price risk

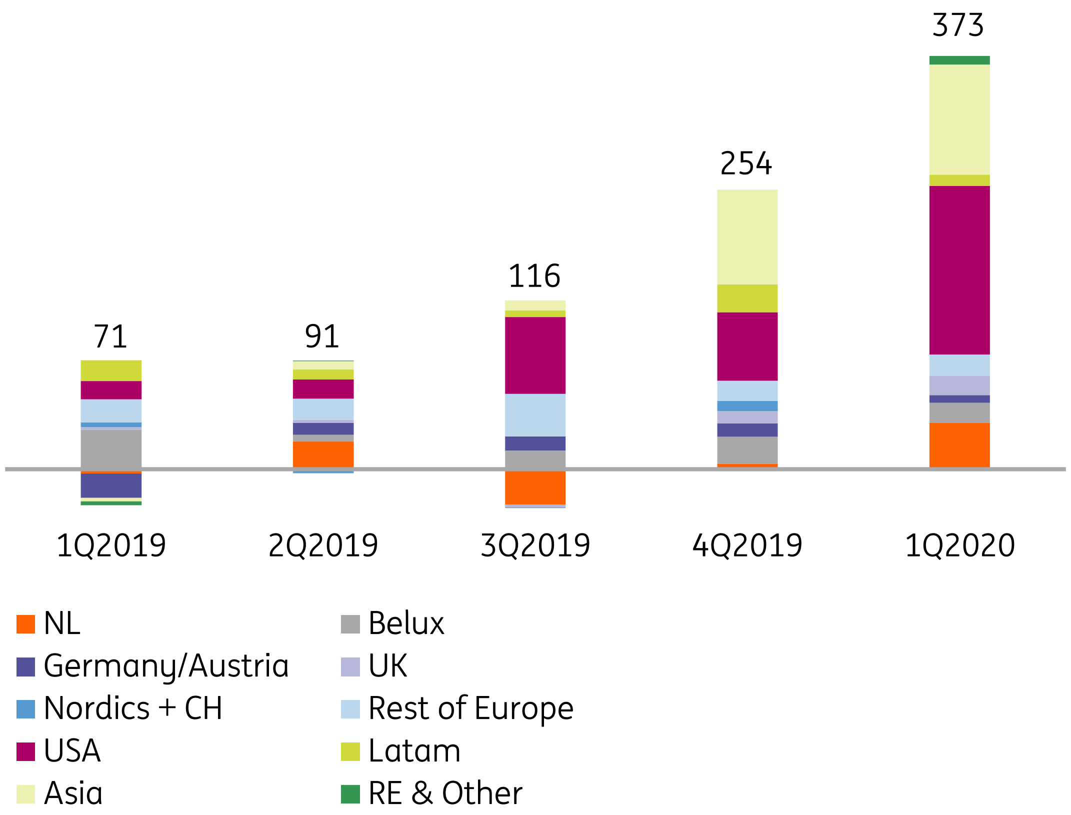


- Smaller independent oil & gas producers, focus on 1st cost quartile producers
- Typically assets generating revenues from long-term tariff based contracts, not affected by oil & gas price movements
- Predominantly loans to investment grade large integrated oil & gas companies
- ECA-covered loans in oil & gas sector: typically 95%-100% credit insured
- Short term self-liquidating trade finance, generally for major trading companies, typically pre-sold or price-hedged

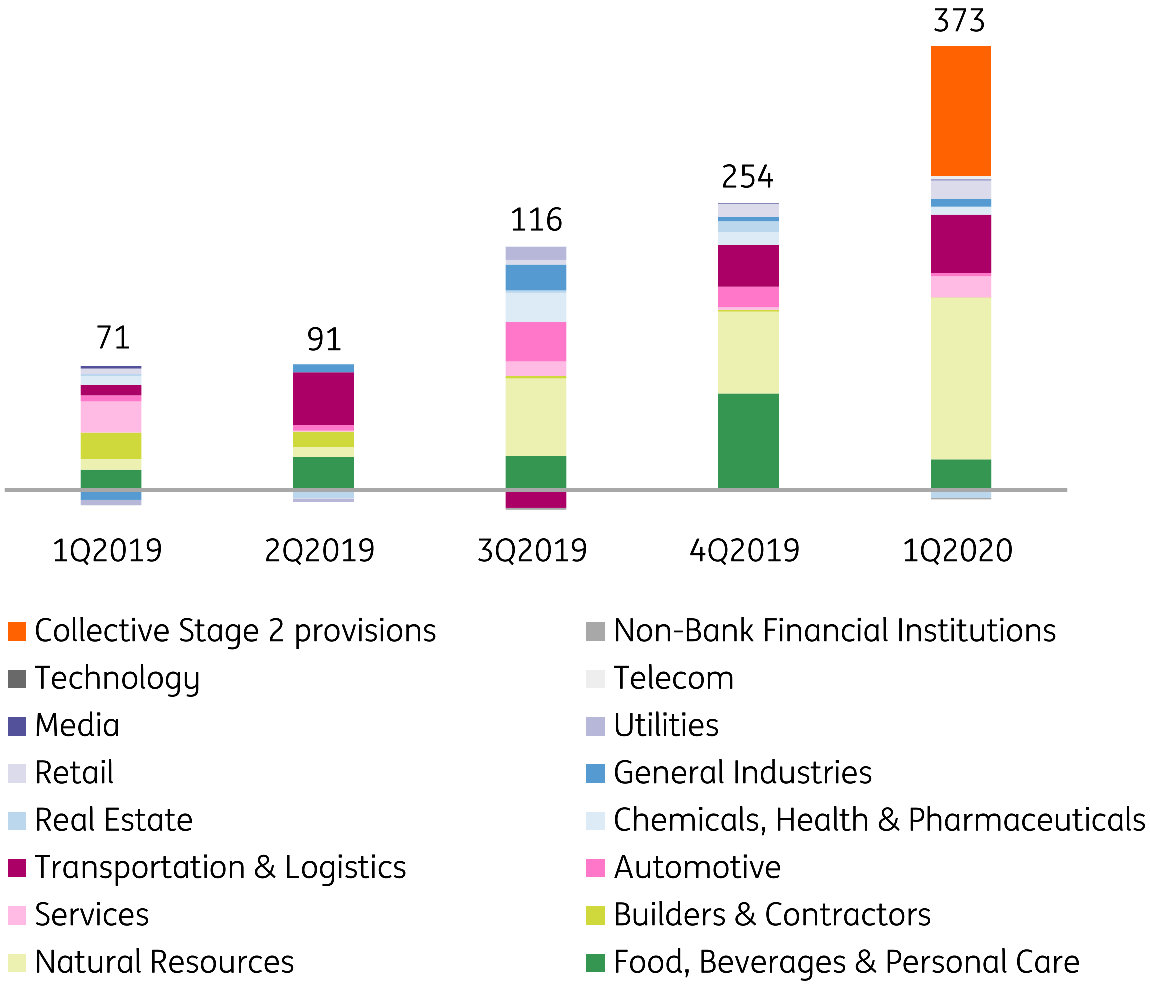
Overall Stage 3 ratio at 2.4%

Breakdown of quarterly risk costs Wholesale Banking per geography and sector

Breakdown of geography which generated risk costs WB (in € mln)



Breakdown of sector which generated risk costs WB (in € mln)



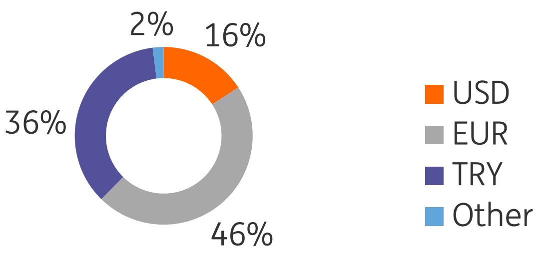
Overview Turkey exposure

Total exposure ING to Turkey* (in € mln)

	1Q2020	4Q2019	Change
Lending Credit O/S Retail Banking	**4,242**	**4,537**	**-6.5%**
Residential mortgages	531	529	0.4%
Consumer lending	1,157	1,203	-3.8%
SME/Midcorp	2,554	2,804	-8.9%
Lending Credit O/S Wholesale Banking	**6,019**	**6,079**	**-1.0%**
Total Lending Credit O/S*	**10,261**	**10,616**	**-3.3%**

- Intra-group funding reduced from €2.1 bln at end-4Q2019 to €1.8 bln at end-1Q2020
- Reduction of outstandings in 1Q2020 is partly due to Turkish lira depreciation
- ING only provides FX lending to corporate customers with proven FX revenues; only limited rolling-over of FX lending facilities
- ECA-insured lending (Export Credit Agencies) is approx. €1.7 bln; approx. €0.4 bln of SME/Midcorp lending benefits from KGF cover (Turkish Credit Guarantee Fund)
- Quality of the portfolio remains relatively strong with a Stage 3 ratio of 4.1%

Lending Credit O/S by currency



Lending Credit O/S by remaining maturity

TRY**	~1 year
FX	~2 years

Stage 3 ratio and coverage ratio

	1Q2020	4Q2019
Stage 3 ratio	4.1%	4.3%
Coverage ratio	53%	51%

* Data based on country of residence. Lending credit outstandings, including guarantees and letters of credit, but excluding undrawn committed exposures (off-balance sheet positions)
** Excludes residential mortgages, which have an average remaining maturity of ~6 years

Important legal information

ING Group's annual accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). In preparing the financial information in this document, except as described otherwise, the same accounting principles are applied as in the 2019 ING Group consolidated annual accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to a number of factors, including, without limitation: (1) changes in general economic conditions, in particular economic conditions in ING's core markets, including changes affecting currency exchange rates, (2) the effects of the Covid-19 pandemic and related response measures, including lockdowns and travel restrictions, on economic conditions in countries in which ING operates, on ING's business and operations and on ING's employees, customers and counterparties, (3) changes affecting interest rate levels, (4) any default of a major market participant and related market disruption, (5) changes in performance of financial markets, including in Europe and developing markets, (6) changes in the fiscal position and the future economic performance of the United States, including potential consequences of a downgrade of the sovereign credit rating of the US government, (7) consequences of the United Kingdom's withdrawal from the European Union, (8) changes in or discontinuation of 'benchmark' indices, (9) inflation and deflation in our principal markets, (10) changes in conditions in the credit and capital markets generally, including changes in borrower and counterparty creditworthiness, (11) failures of banks falling under the scope of state compensation schemes, (12) non-compliance with or changes in laws and regulations, including those financial services and tax laws, and the interpretation and application thereof, (13) geopolitical risks, political instabilities and policies and actions of governmental and regulatory authorities, (14) ING's ability to meet minimum capital and other prudential regulatory requirements, (15) outcome of current and future litigation, enforcement proceedings, investigations or other regulatory actions, including claims by customers, (16) operational risks, such as system disruptions or failures, breaches of security, cyber-attacks, human error, changes in operational practices or inadequate controls including in respect of third parties with which we do business, (17) risks and challenges related to cybercrime including the effects of cyber-attacks and changes in legislation and regulation related to cybersecurity and data privacy, (18) changes in general competitive factors, (19) the inability to protect our intellectual property and infringement claims by third parties, (20) changes in credit ratings, (21) business, operational, regulatory, reputation and other risks and challenges in connection with climate change, (22) inability to attract and retain key personnel, (23) future liabilities under defined benefit retirement plans, (24) failure to manage business risks, including in connection with use of models, use of derivatives, or maintaining appropriate policies and guidelines, (25) changes in capital and credit markets, including interbank funding, as well as customer deposits, which provide the liquidity and capital required to fund our operations, (26) the other risks and uncertainties detailed in the most recent annual report of ING Groep N.V. (including the Risk Factors contained therein) and ING's more recent disclosures, including press releases, which are available on www.ING.com.

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