Second quarter 2020 results

ING posts 2Q2020 net result of €299 mln

Steven van Rijswijk, CEO of ING

6 August 2020

do your thing

Key points

- In line with our purpose, we continue to take actions to support our customers, employees and society in coping with the effects of the Covid-19 pandemic. At the same time, countering financial and economic crime remains a priority
- The current environment underscores the strength of our digital business model, with continued primary customer growth, ensuring stable NII and operational cost control
- In 2Q2020 mortgage lending continued to grow, while in Wholesale Banking protective drawings of 1Q2020 partially reversed. Overall net core lending growth was €-7.0 bln. Customer deposits increased by €20.9 bln
- Pre-provision result was resilient, supported by disciplined pricing, positive valuation adjustments and cost control, despite margin pressure on customer deposits and impairments on goodwill
- Risk costs increased, mainly driven by €421 mln of collective provisioning reflecting the worsened macro-economic indicators due to the Covid-19 pandemic, while Stage 3 risk costs included a sizable suspected external fraud case
- Looking forward, we expect that for 2020 the majority of provisioning is behind us and for the second half of 2020 we expect risk costs to be below the level recorded in the first half year, under the assumption that the macro-economic indicators will remain unchanged
- 2Q2020 CET1 ratio was strong at 15.0%, with lower RWA reflecting successful capital management actions, capital relief measures and lower lending volume. Including the 2019 dividend reserve the pro-forma CET1 ratio was 15.5%
- We are very well positioned to face the challenges posed by the Covid-19 pandemic with a robust capital position, a strong funding structure and a continued low Stage 3 ratio

We continue to support our employees, our customers and society to deal with the effects of the Covid-19 pandemic

Our employees

- Around 75% of our employees are working from home
- Frequent global survey to measure employee sentiment and identify potential issues
- Gradual return to office with precautionary measures to ensure employees can work safely

Our private customers

- A large part of our branch network is open to support customers to make the move to digital banking
- Payment holidays for private customers
- Supporting safe payment behavior by increasing the limit for contactless payments

Our business customers

- Continued regular contact with our customers to discuss their business outlook
- Payment holidays and credit facilities under government guarantee schemes for SME and mid-corporate customers
- Tailored solutions for larger corporate clients

Our society

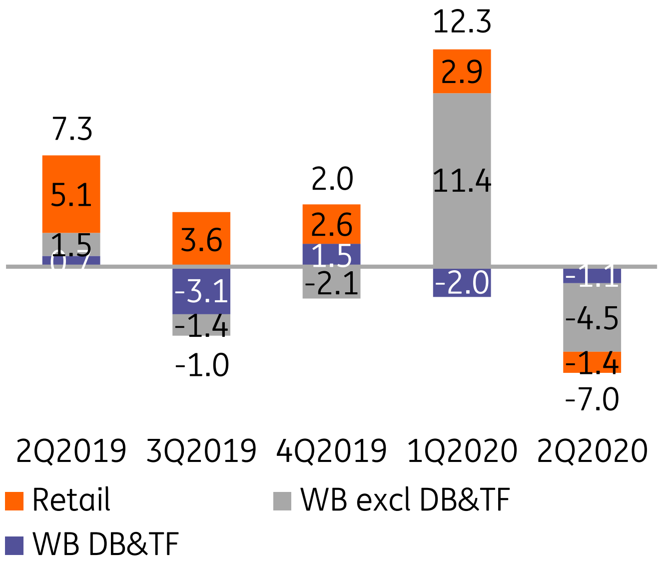
- Matching employee donations to charities
- Working with Unicef to raise funds to aid the most vulnerable children and their caregivers
- Donating laptops to enable home schooling

Payment holidays	▪ We have granted payment holidays to ~189,000 customers, amounting to €18.1 bln lending credit outstanding, or 2.5% of our total loan book* ▪ Monitoring is done through our early warning system, risk assessments and regular personal contact
Government guaranteed loans	▪ We have granted €248 mln in loans, based on risk assessments ▪ Monitoring is done through our early warning system and regular personal contact
Liquidity support	▪ €5.4 bln of liquidity has been provided under credit facilities for larger corporate clients ▪ Monitoring is done through regular personal contact

* Lending credit outstandings excluding TLTRO III

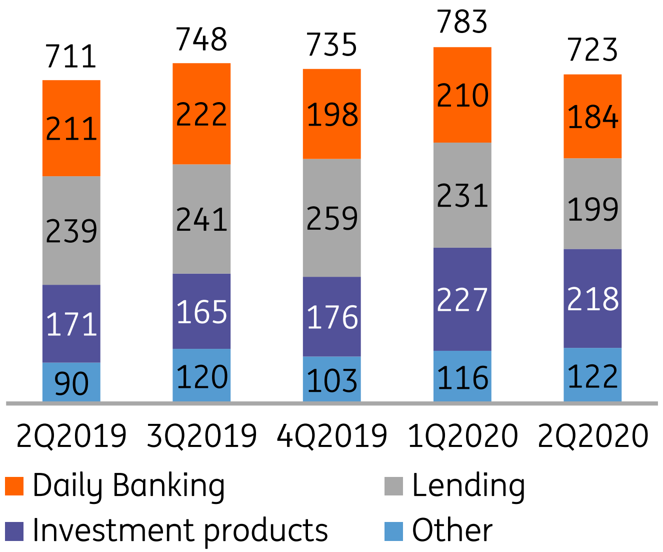
The Covid-19 effects on net core lending growth, composition of fees and IFRS 9 loan loss provisioning

Net core lending growth (in € bln)



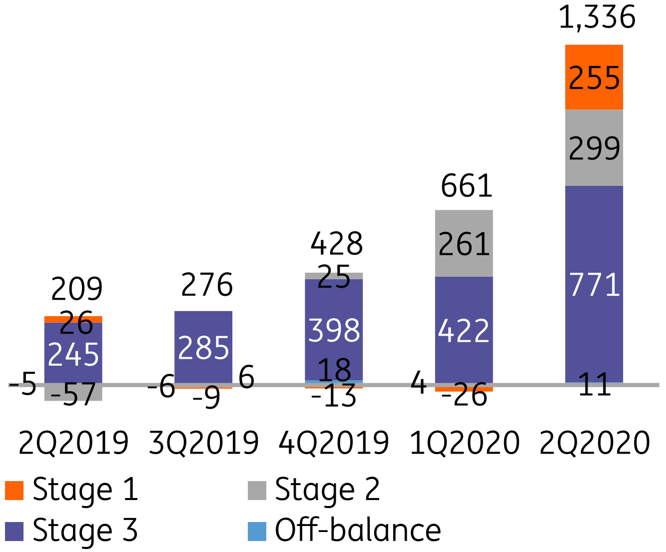
- Retail experienced strong mortgage demand, while in business lending demand was lower
- Protective drawings of revolving credit facilities in WB decreased after an initial spike in 1Q2020
- WB Daily Banking & Trade Finance (DB&TF) saw lower Working Capital Solutions lending and low oil prices in Trade & Commodity Finance (TCF)

Fee & commission income (in € mln)



- Investment products benefitted from a shift of savings to investments and a higher number of trades driven by market volatility
- In Lending, we took a conservative approach towards the syndicated loan market and saw less TCF activity in WB
- Daily Banking was affected by fewer transactions and travel, partly offset by increased payment package fees

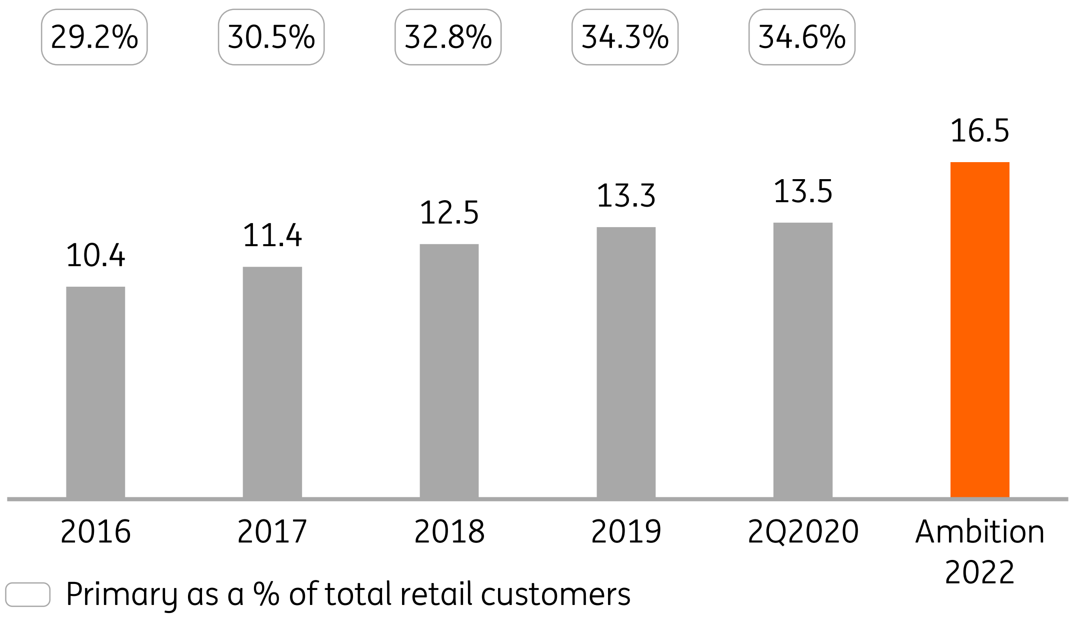
Loan loss provisions (in € mln)



- Higher Stage 1 and Stage 2 provisions reflect worsened macro-economic indicators since the end of March due to the Covid-19 pandemic
- Elevated Stage 3 provisions were partly driven by companies impacted by the Covid-19 pandemic and a sizable provision for a suspected external fraud case

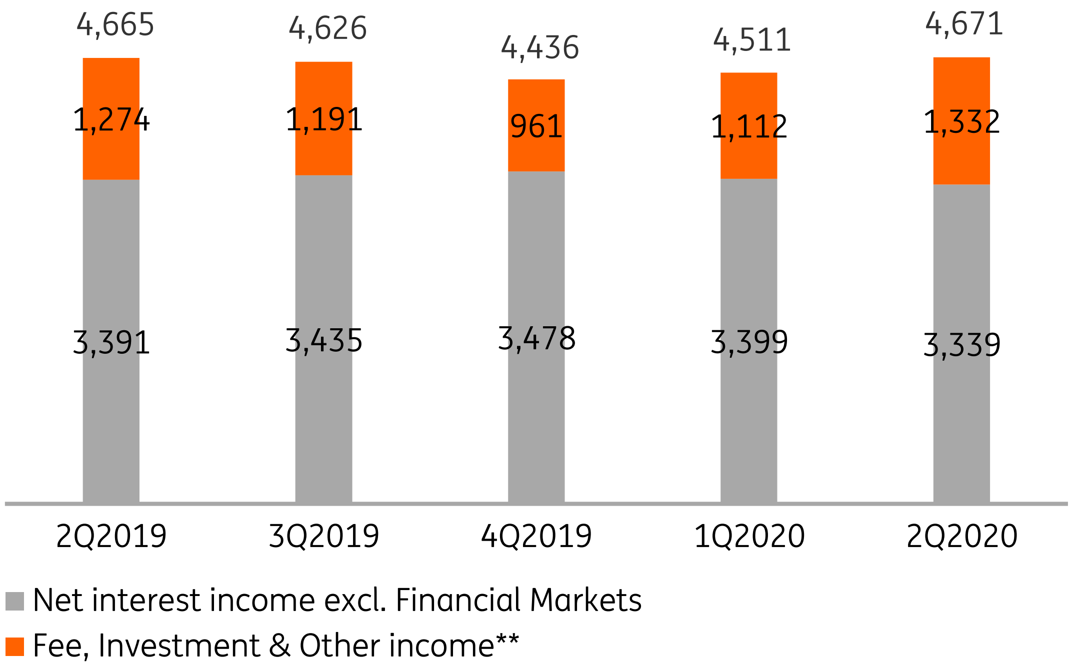
Continued primary customers growth and stable topline results underscore the strength of our business model

Primary customer* base (in mln)



- Our primary customer base increased by 156,000 this quarter, reaching 13.5 mln at the end of 2Q2020
- Growth was especially strong in Germany, demonstrating the strength of our digital proposition during the Covid-19 pandemic

Income (in € mln)

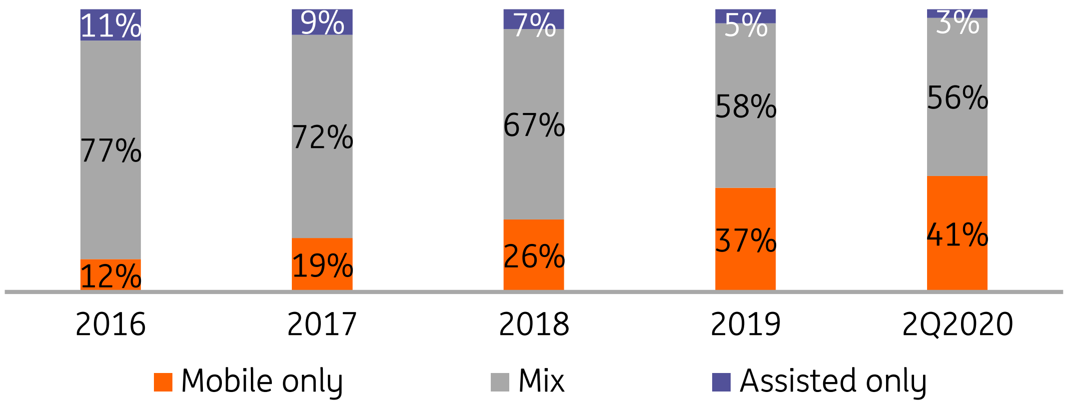


- Topline income increased YoY and QoQ
- Net interest income (excluding Financial Markets) remained stable, despite pressure from low interest rates, including significant core rate reductions in non-eurozone countries

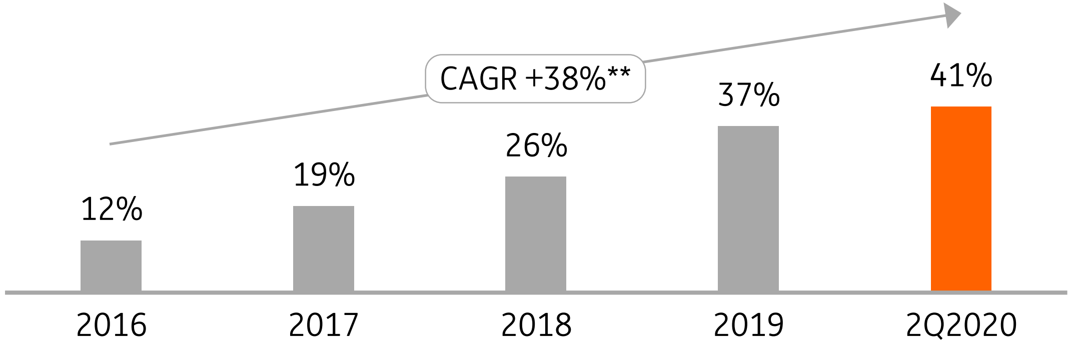
* Definition: active payment customers with recurring income and at least one extra active product category
** Including NII Financial Markets

Rapid adoption of our digital, mobile first strategy

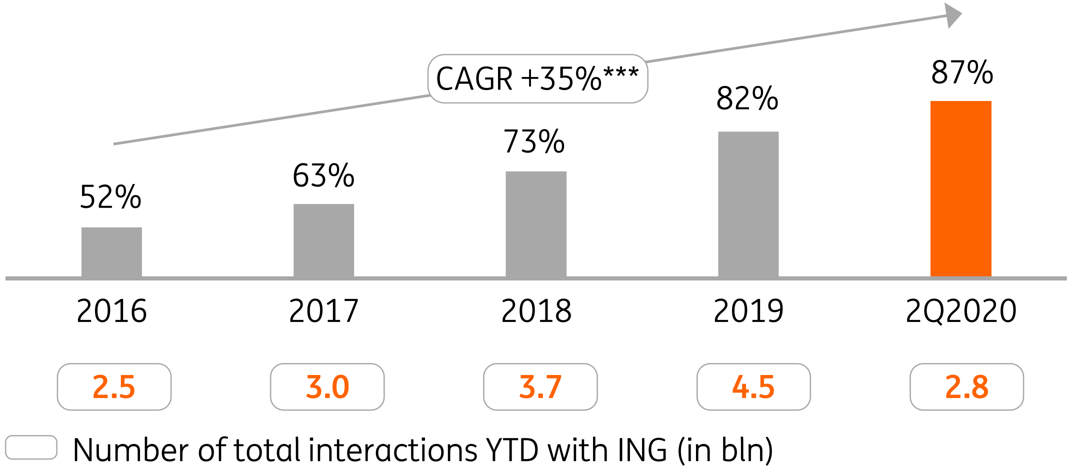
Channel mix among active customers who contact us



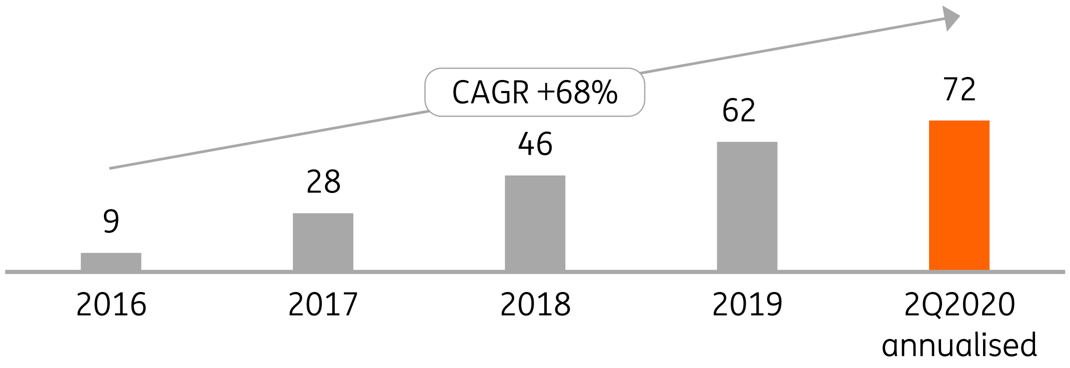
% of mobile-only active customers*



% mobile in interactions with ING



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



* Definition: Retail customers who used the channel to contact us at least once in the last quarter
** CAGR for number of mobile-only customers among active customers who contact us; for 2Q2020 based on an annualised number of interactions
*** CAGR for number of mobile interactions with ING (annualised for 2020)

We continue to strengthen our digital customer experience

Continued focus to improve our digital customer experience

- In Belgium, we are migrating our customers to our new digital channels, enhancing their digital experience
  - **OneApp**: after a pilot, we started with the phased migration of all private individual customers to the new ING Belgium Banking app
  - **OneWeb**: all active HomeBank users have been migrated to the new digital banking channel
- In the Netherlands, a **new chatbot** helps customers finding the right products for their needs, boosting digital sales of loans
- In Poland, customers can **open an account entirely mobile**, with biometrics used for ID verification. After requesting a plastic bank card, customers can immediately start using a new digital card for mobile payments

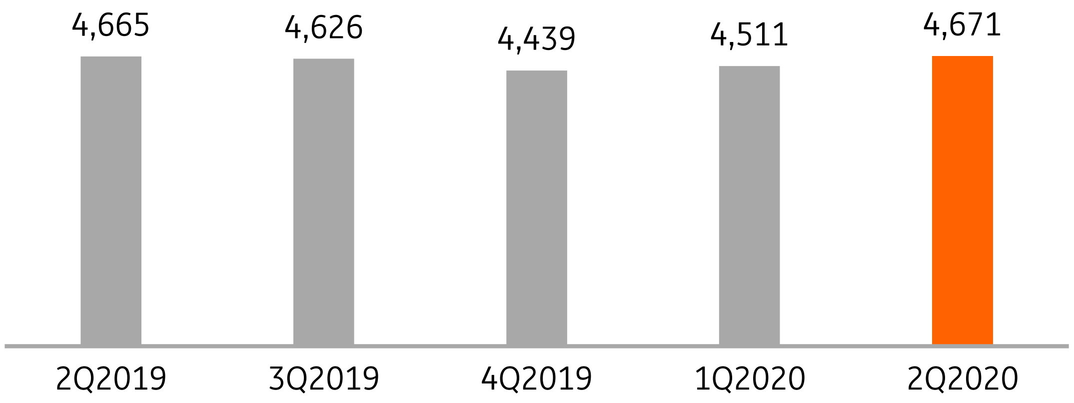
Supporting our customers doing their business

- In the Netherlands and Belgium, we have started migrating our business customers to our **new digital banking channel OneWeb**
- In Poland, business customers can use an **open API** to connect their account with external sales systems to automatically generate invoices
- In Poland, we made **Roboplatform** available to business customers. Roboplatform is a tool we developed inhouse, which helps our customers to use robotics to automate processes
- In Germany, we are the first bank to offer a **digital lending solution** to SMEs who are selling their products on Amazon's seller portal

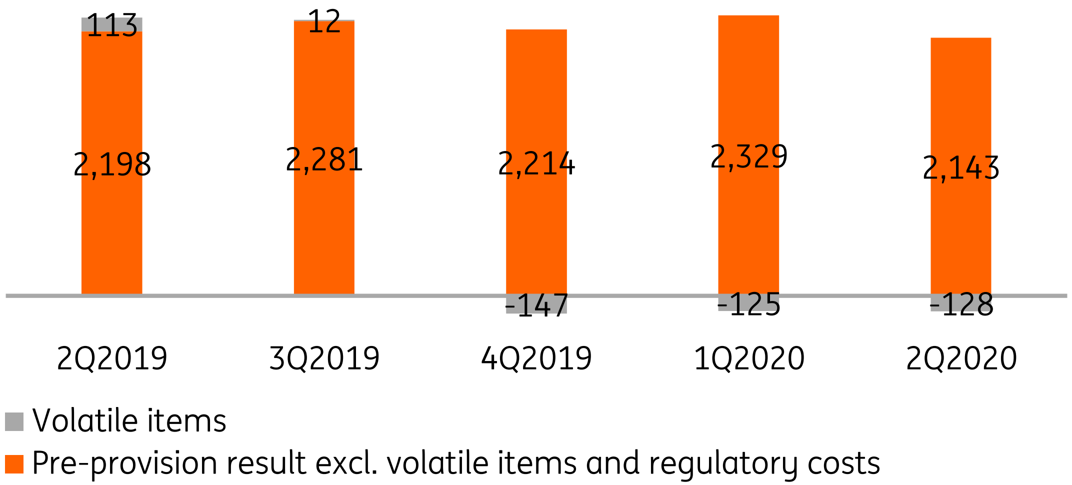
2Q2020 results

Resilient pre-provision result despite pressure on liability income

Income (in € mln)



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

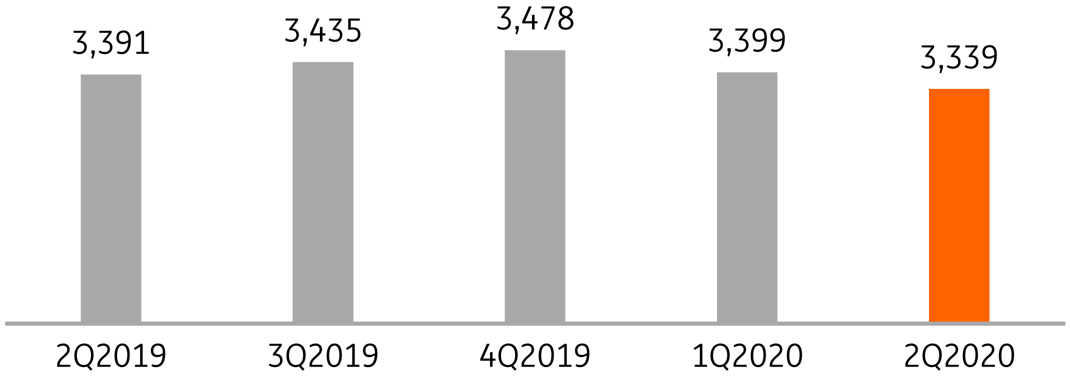


- Income was €6 mln higher compared to 2Q2019 supported by increased Treasury-related income, positive fair value adjustments and discipline in lending margins. This increase in income was largely offset by lower interest results on customer deposits and lower results from FX ratio hedging, while 2Q2019 included a €79 mln one-off receivable related to the insolvency of a financial institution
- Sequentially, income was €160 mln higher as positive fair value adjustments were only partially offset by lower interest results and fees, which were exceptionally high in the previous quarter
- 2Q2020 pre-provision result, excluding volatile items and regulatory costs, was €55 mln lower YoY, reflecting lower income (after excluding volatile items) and slightly lower expenses
- QoQ pre-provision result excluding volatile items and regulatory costs was €186 mln lower, reflecting lower income (after excluding volatile items), while costs were higher as the previous quarter included a significantly higher VAT refund

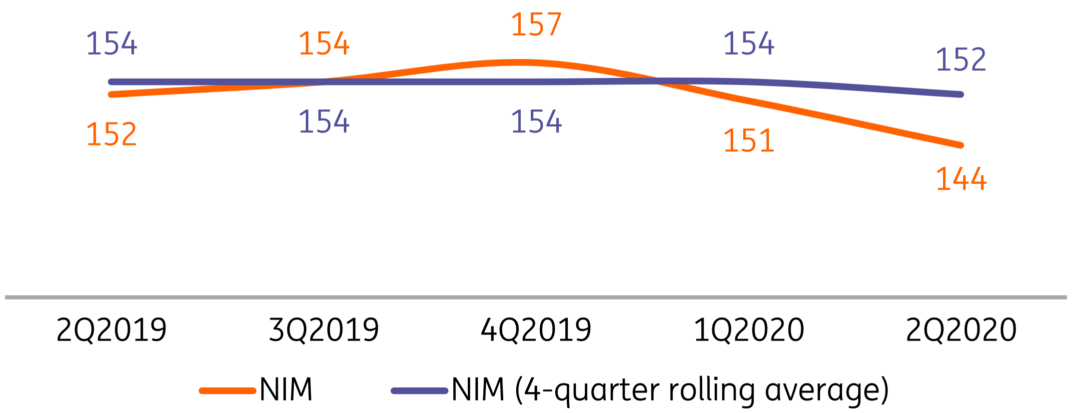
* A specification of volatile items can be found on slide 24

NII remains stable; 4-quarter rolling NIM at 152 bps

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



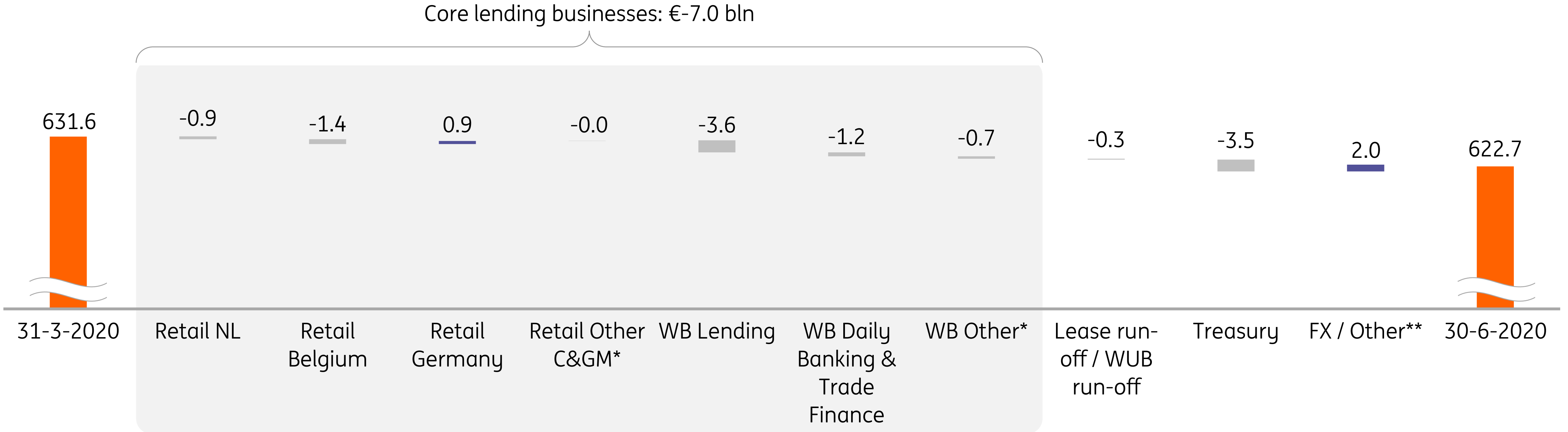
Net Interest Margin (in bps)



- Net interest income, excluding Financial Markets, was 1.5% lower compared to 2Q2019. Higher interest results related to Treasury and customer lending were more than offset by continued pressure on customer deposit margins, while customer deposits continue to increase, as well as lower income from FX ratio hedging in the Corporate Line
- Sequentially, NII excluding Financial Markets decreased 1.8%, driven by the abovementioned reasons
- NIM was 144 bps, down seven basis points from 1Q2020, despite a higher margin on mortgage lending. The decrease was mainly attributable to an increase in the average balance sheet, driven by a high inflow of customer deposits and €55 bln TLTRO III uptake at the end of June. Furthermore, (volatile) interest results in Financial Markets were lower and we saw margin pressure on customer deposits and, to a lesser extent, on non-mortgage lending

2Q2020 net core lending reflecting lower demand

Customer lending ING Group 2Q2020 (in € bln)

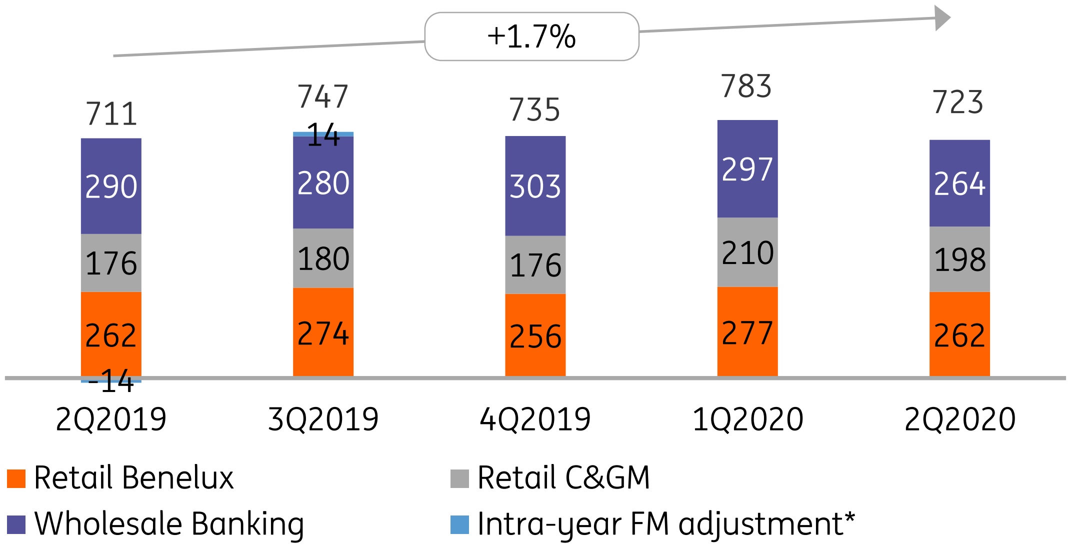


- Our core lending franchise was down by €7.0 bln in 2Q2020
  - Retail Banking decreased by €1.4 bln. Mortgages were €1.2 bln higher, due to continued growth in Challengers & Growth Markets, while other lending decreased by €2.6 bln, mainly driven by lower demand in business lending in Retail Benelux
  - Wholesale Banking decreased by €5.6 bln, mainly in Lending due to repayments on clients' increased utilisation of revolving credit facilities in 1Q2020
- Net customer deposits increased by €20.9 bln

* C&GM is Challengers & Growth Markets; WB Other includes Financial Markets
** FX impact was €1.7 bln and Other €0.3 bln

Fee income up YoY despite lower deal flow in WB and reduced payment fees due to lockdowns and less travel

Net fee and commission income* (in € mln)

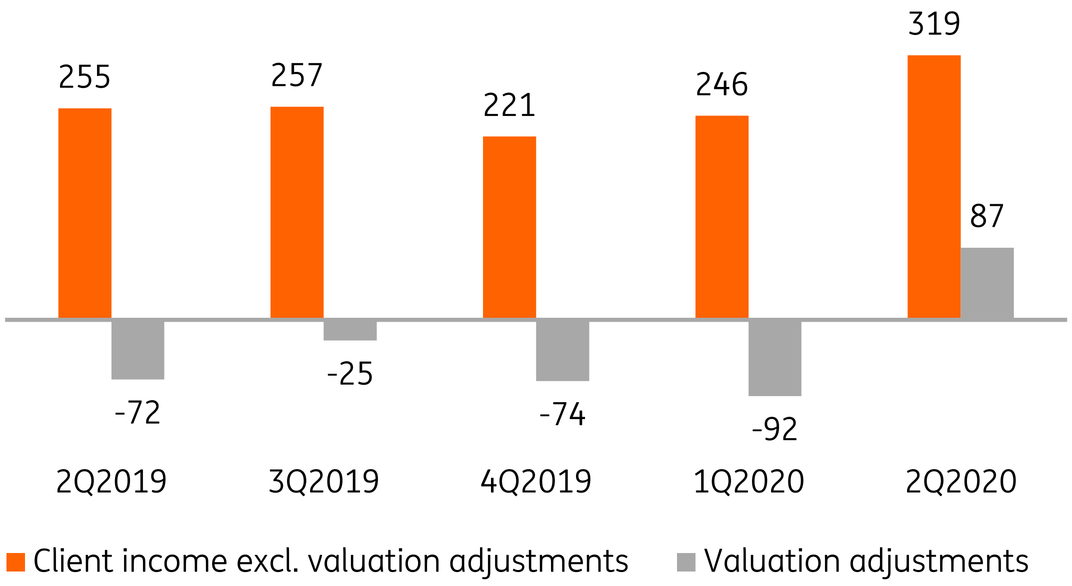


- Fees increased by €12 mln compared to 2Q2019. This was due to Retail Banking, as higher fees on investment products were only partially offset by lower Daily Banking fees, reflecting a reduced number of payment transactions and less travel due to the Covid-19 pandemic. Fee income in Wholesale Banking was down, reflecting lower syndicated deal activity in Lending and lower fee income in TCF, mainly due to lower average oil prices
- Sequentially, fee income was €60 mln lower. In Retail Banking, fees decreased after a high level in the first quarter. This was mainly driven by the abovementioned lower Daily Banking fees as well as lower, although still relatively high, fees on investments products. In Wholesale Banking fees were lower, mainly due to abovementioned reasons

* 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

Strong quarter in FM driven by client business and positive valuation adjustments

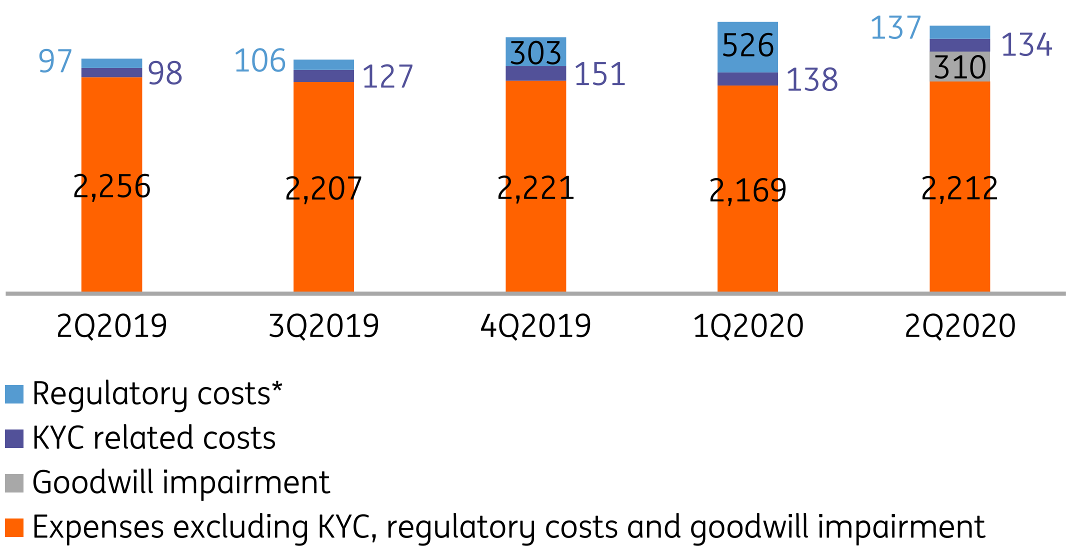
Income Financial Markets (in € mln)



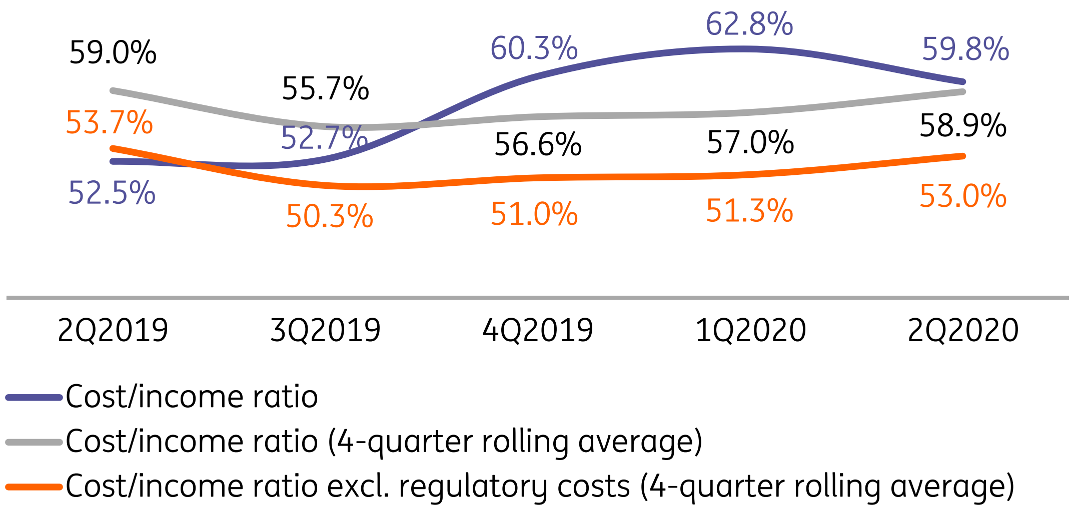
- Excluding valuation adjustments, FM income was €64 mln higher YoY, mainly due to a strong quarter in Rates and Global Capital Markets
- QoQ income was €73 mln higher, mainly reflecting higher income in Rates and Credit Trading, following losses due to abrupt downward market movements in the previous quarter
- Net valuation adjustments in FM were €87 mln. This was driven by markets normalising after the market volatility at the end of the previous quarter, resulting in a reversal of the negative valuation adjustments in 1Q2020

Operating expenses under control

Expenses (in € mln)



Cost/income ratio**

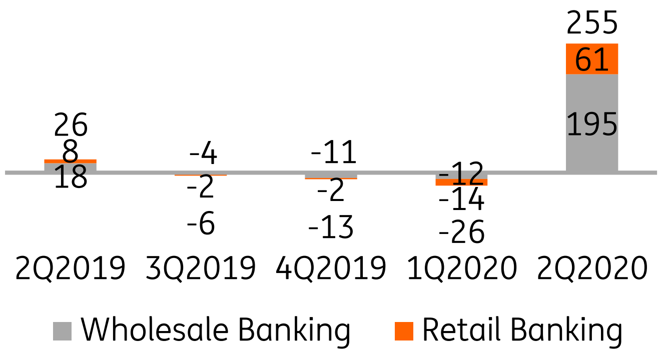


- Expenses excl. KYC related costs, regulatory costs and goodwill impairments, were €44 mln lower YoY, as cost savings and lower performance-related expenses offset CLA-related salary increases, while the year-ago quarter included a €36 mln restructuring provision
- QoQ, expenses excl. KYC related costs, regulatory costs and goodwill impairments, were €43 mln higher as cost savings and lower performance-related expenses were more than offset by a significantly lower VAT refund
- Regulatory costs were €40 mln higher YoY, mainly due to a catch-up on Single Resolution Fund contributions. QoQ regulatory costs were €389 mln lower, reflecting seasonality in regulatory costs

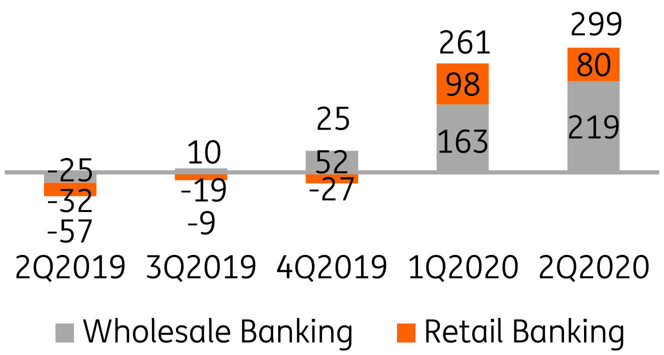
* Formal build-up phase of Deposit Guarantee Schemes (DGS) and Single Resolution Fund (SRF) should be completed by 2024
** As per 1Q2020, key figures are based on IFRS results as adopted by the European Union (IFRS-EU) and not on underlying anymore. Historical key figures have been adjusted

IFRS 9 provisioning affected by the Covid-19 pandemic and related macro-economic indicators

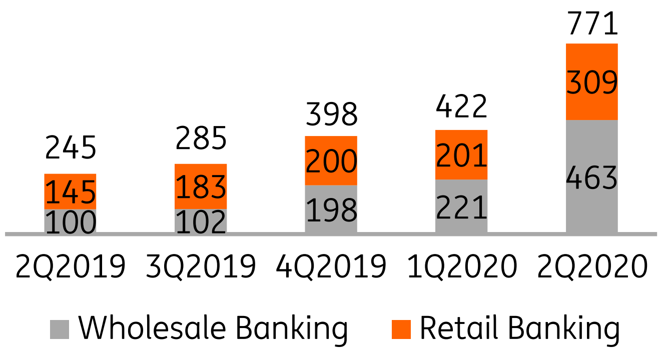
Stage 1 provisioning (in € mln)



Stage 2 provisioning (in € mln)



Stage 3 provisioning (in € mln)



Stage 1 – Performing assets

- Performing assets, no increased credit risk
- 12-month expected loss

Main drivers 2Q2020

- Collective provisioning triggered by 12-month macro-economic indicators, which mainly capture a deterioration with limited benefit from an expected recovery

Stage 2 – Underperforming assets

- Performing assets with increased credit risk
- Lifetime expected loss

Main drivers 2Q2020

- Collective provisioning triggered by longer term macro-economic indicators, which also capture expected macro-economic recovery
- Collective provisioning related to payment holidays
- Individual provisioning related to Watch list exposures and rating downgrades

Stage 3 – Non-performing assets

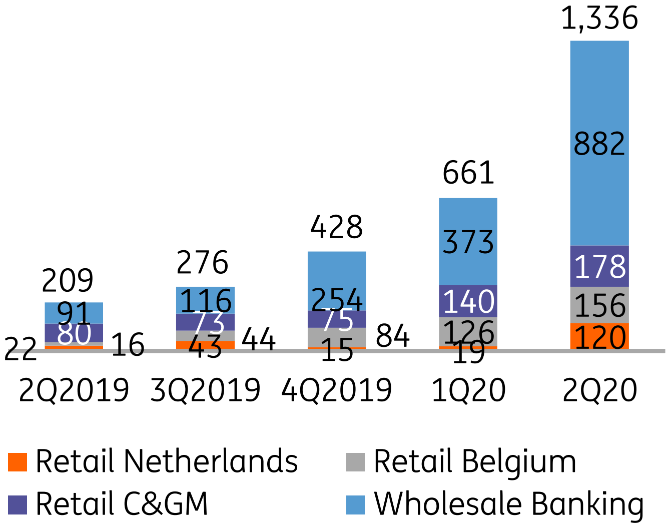
- Non-performing assets with significantly increased credit risk
- Lifetime expected loss

Main drivers 2Q2020

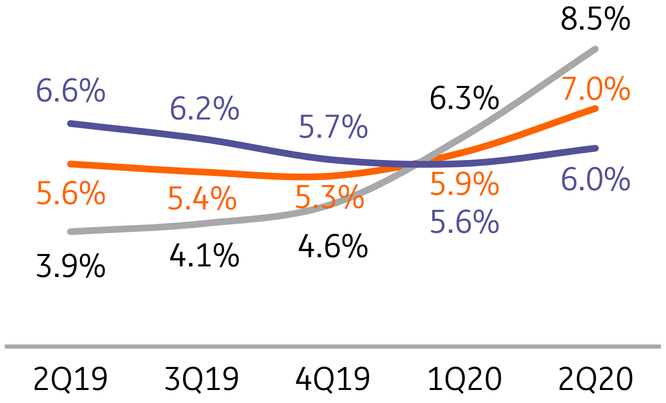
- New individual files in WB and business lending, partly triggered by the Covid-19 pandemic and low oil prices
- Existing individual files in WB with deteriorated indicators, partly triggered by the Covid-19 pandemic
- Sizable suspected external fraud case

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

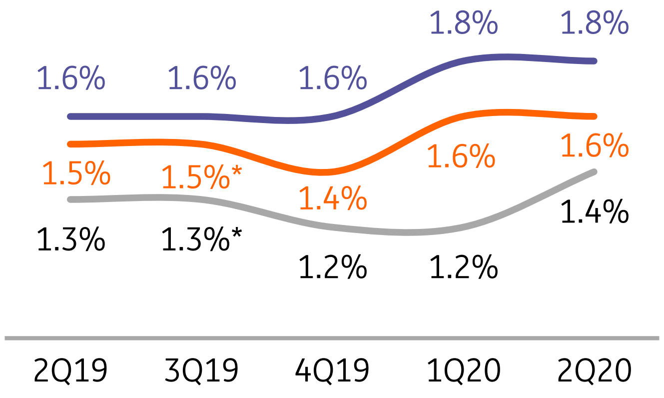
Risk costs per business line (in € mln)



Stage 2 ratio



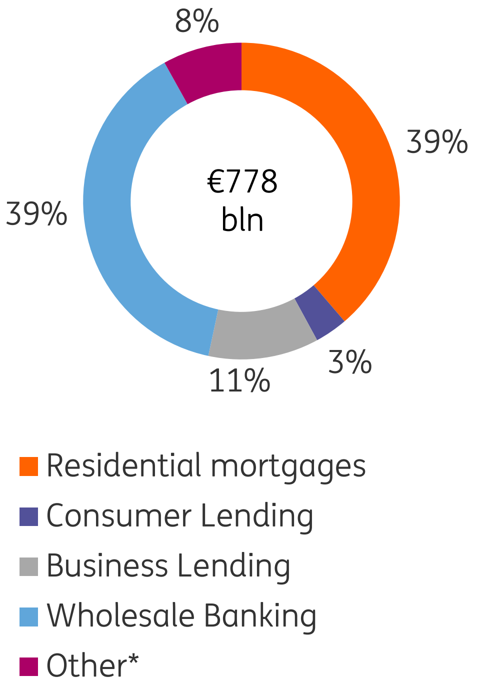
Stage 3 ratio



- 2Q2020 risk costs were €1,336 mln, or 85 bps of average customer lending, above the through-the-cycle average of approx. 25 bps. Risk costs were impacted by €421 mln collective Stage 1 and 2 provisions, due to worsened macro-economic indicators and prudent provisioning for payment holidays, allocated to the segments with RB Benelux €110 mln, Retail C&GM €59 mln and WB €252 mln
- In Retail Benelux risk costs were further driven by some larger individual files in mid-corporates. In Retail C&GM collective provisions increased, mainly in Poland, Spain and Turkey. Risk costs in WB reflected several larger individual additions on both existing and new files, mainly in Germany, the Americas, Asia and the Netherlands, including a sizable provision for a suspected external fraud case
- The Stage 2 ratio increased to 7.0%, mainly driven by higher Watch list exposures and rating downgrades in WB. The Stage 3 ratio remained unchanged at 1.6%, or 1.8% excluding TLTRO III. The Stage 3 ratio in WB slightly increased to 1.4%
- See Appendix section of the presentation for further details on the asset quality of selected portfolios

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

We remain comfortable with our senior and well-collateralised lending book

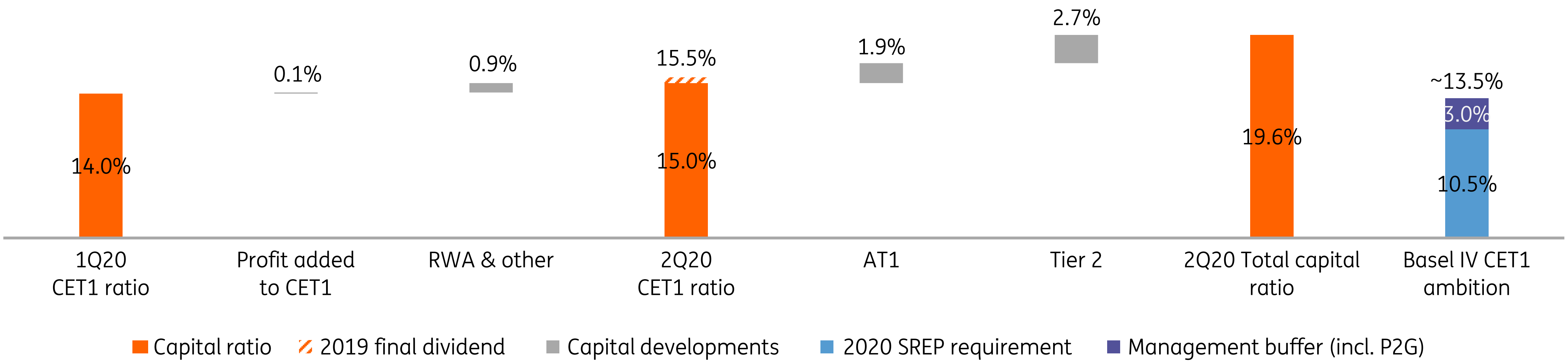


Residential Mortgages €301 bln	▪ Average LTV of 60% with low Stage 3 ratio at 1.1% ▪ Risk metrics remained strong, also supported by government schemes
Consumer Lending €26 bln	▪ Relatively small book, risk metrics slightly deteriorated
Business Lending €88 bln	▪ No increased usage of limits observed, limited exposure to sectors most at risk**: ▪ Agriculture: €5.6 bln (0.7% of loan book), Stage 3 ratio at 6.5% ▪ Non-food Retail: €2.9 bln (0.4% of loan book), Stage 3 ratio at 4.9% ▪ Hospitality + Leisure: €4.3 bln (0.5% of loan book), Stage 3 ratio at 4.0%
Wholesale Banking €300 bln	▪ Protective drawings have reduced, limited exposure to sectors most at risk**: ▪ Leveraged Finance: €8.6 bln (capped at €10.1 bln), well-diversified over sectors ▪ Oil & Gas: €4.5 bln with direct exposure to oil price risk (0.6% of loan book; Reserve Based Lending (€3.4 bln) and Offshore business (€1.1 bln)) ▪ Aviation: €4.1 bln (0.5% of loan book), low Stage 3% at 1.1% ▪ Hospitality + Leisure: €1.9 bln (0.2% of loan book), low Stage 3% at 0.03%
Commercial Real Estate (RB + WB)	▪ Total €51.7 bln (6.6% of loan book), booked in RB and WB ▪ Well-diversified capped loan book ▪ LtV at 50% and low Stage 3% at 1.0%

* Other includes €41 bln Retail-related Treasury lending and €21 bln Other Retail Lending
** Some adjustment have been made to 1Q2020 disclosure on sectors most at risk: food-related Retail has been excluded from Retail, Leisure has been included

Strong ING Group CET1 ratio at 15.0%, excluding the €1,754 mln 2019 dividend reserve

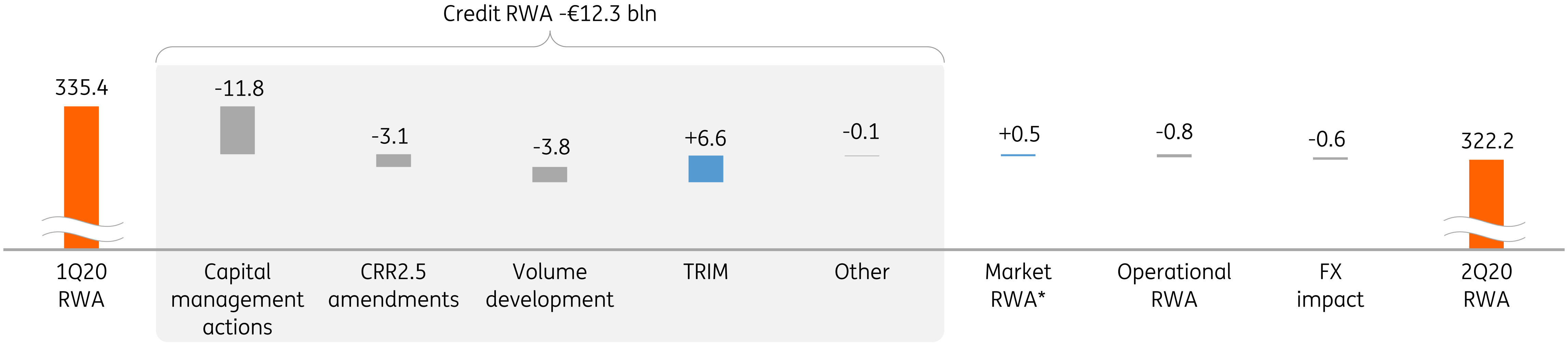
ING Group Total capital ratio development



- The 2Q2020 CET1 ratio came in at 15.0%, reflecting both higher CET1 capital and a significant reduction in RWA (see next slide)
- CET1 capital was €1.4 bln higher reflecting the addition of net profit (€0.3 bln), the adoption of the extended IFRS 9 transitional agreement (€0.2 bln), a reduced effect from the shortfall loan loss provision (€0.4 bln) and a lower deduction of goodwill (€0.3 bln). In addition, we saw a €0.1 bln reversal of last quarter's decrease in revaluation reserves
- In line with the recommendations made by the ECB to European banks on 28 July 2020, any dividend payments will be delayed until after 1 January 2021. 2Q2020 Group net profit was fully added to regulatory capital
- The €1,754 mln reserved for the 2019 final dividend was not added back to CET1 capital and remains reserved for dividend
- With an AT1 ratio of 1.9% and a Tier 2 ratio of 2.7%, we benefit fully from the CET1 relief provided by article 104(a) CRDV

Risk-weighted assets decreased significantly in 2Q2020 due to management actions and capital relief measures

ING Group risk-weighted assets development



- In 2Q2020, RWA decreased €13.1 bln to €322.2 bln, mainly due to a decrease in credit RWA which were down by €12.3 bln as a result of capital management actions, passing of CRR2.5 in EU law and lower volumes, partly offset by the inclusion of expected supervisory impact on RWA
- Capital management actions consisted mainly of the adoption of the standardised approach for sovereign exposures and an adjustment to align the calculation of the regulatory maturity with contractual cash flows for certain lending products
- CRR2.5 amendments included the adoption of SME and Infra support factors and preferential RWA treatment of income-backed loans
- €6.6 bln of RWA inflation reflected an update at the end of July that ECB does not see further postponements of the deadlines for actions imposed in ECB decisions, including TRIM investigations
- With the impact of DoD fully absorbed and TRIM impact already largely included, we are confident that at the current strong level of capital, we can comfortably absorb the remaining expected RWA impact of regulatory changes

* Including €2.4 bln of relief from calculation adjustments (removal of outliers) applied as part of the CRR2.5 amendments

ING Group financial ambitions

		Actual 2019	**Actual 2Q2020**	Financial ambitions
Capital	CET1 ratio (%)	14.6%	**15.0%**	~13.5%* (Basel IV)
	Leverage ratio (%)	4.6%	**4.3%**	>4%
Profitability	ROE (%)** (IFRS-EU Equity)	9.4%	**6.1%**	10-12%
	*C/I ratio (%)***	*56.6%*	***58.9%***	*50-52%*
Dividend	Dividend (per share)	€0.24***		Dividend payments suspended until after 1 January 2021

* Implies management buffer (incl. Pillar 2 Guidance) of ~450 bps over prevailing fully-loaded CET1 requirements (10.51% fully loaded, after reduction of several buffers in a response to the Covid-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 30 June 2020, interim profit not included in CET1 capital amounts to €1,754 mln, reflecting an initial reservation for the 2019 final dividend payment. Any dividend payments will be delayed until after 1 January 2021
*** Interim dividend 2019

Wrap up

Wrap up

- In line with our purpose, we continue to take actions to support our customers, employees and society in coping with the effects of the Covid-19 pandemic. At the same time, countering financial and economic crime remains a priority
- The current environment underscores the strength of our digital business model, with continued primary customer growth, ensuring stable NII and operational cost control
- In 2Q2020 mortgage lending continued to grow, while in Wholesale Banking protective drawings of 1Q2020 partially reversed. Overall net core lending growth was €-7.0 bln. Customer deposits increased by €20.9 bln
- Pre-provision result was resilient, supported by disciplined pricing, positive valuation adjustments and cost control, despite margin pressure on customer deposits and impairments on goodwill
- Risk costs increased, mainly driven by €421 mln of collective provisioning reflecting the worsened macro-economic indicators due to the Covid-19 pandemic, while Stage 3 risk costs included a sizable suspected external fraud case
- Looking forward, we expect that for 2020 the majority of provisioning is behind us and for the second half of 2020 we expect risk costs to be below the level recorded in the first half year, under the assumption that the macro-economic indicators will remain unchanged
- 2Q2020 CET1 ratio was strong at 15.0%, with lower RWA reflecting successful capital management actions, capital relief measures and lower lending volume. Including the 2019 dividend reserve the pro-forma CET1 ratio was 15.5%
- We are very well positioned to face the challenges posed by the Covid-19 pandemic with a robust capital position, a strong funding structure and a continued low Stage 3 ratio

Appendix

Volatile items 2Q2020

Volatile items and regulatory costs (in € mln)

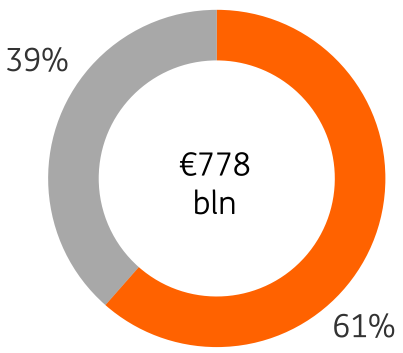
	2Q19	3Q19	4Q19	1Q20	2Q20
WB/FM – valuation adjustments	-72	-25	-74	-92	87
Capital gains/losses	21	5	-8	138	15
Hedge ineffectiveness	85	32	-65	-89	40
Other items*	79			-82	-270
Total volatile items	**113**	**12**	**-147**	**-125**	**-128**
Regulatory costs	-97	-106	-303	-526	-137

* Other items in 2Q2019 concerns the recognition of a €79 mln receivable related to the insolvency of a financial institution; 1Q2020 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; 2Q2020 concerns €-310 mln of goodwill impairments in mainly WB and RB Belgium and €40 mln of positive MtM adjustments in WB/Lending

Well-diversified lending credit outstandings by activity

ING Group*

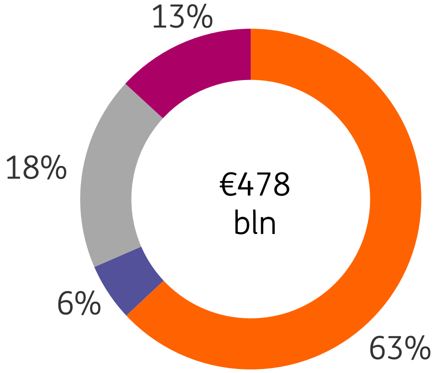
2Q2020



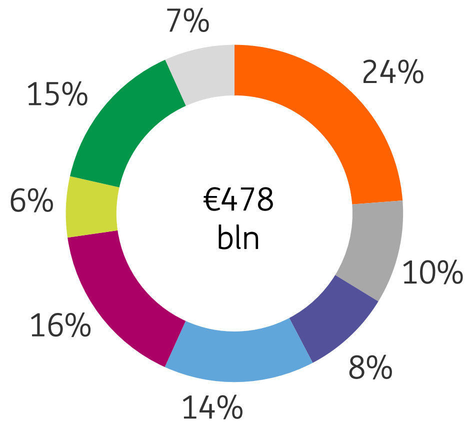
- Retail Banking
- Wholesale Banking

Retail Banking*

2Q2020



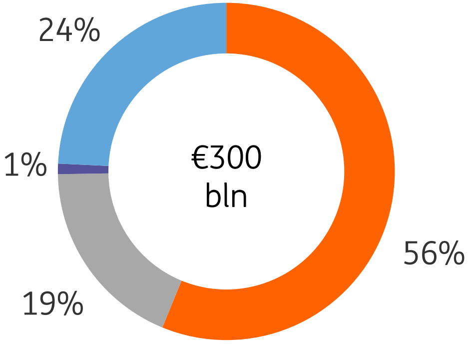
- Residential mortgages
- Consumer Lending
- Business Lending
- Other Lending**



- 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*

2Q2020



- 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; 61% 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

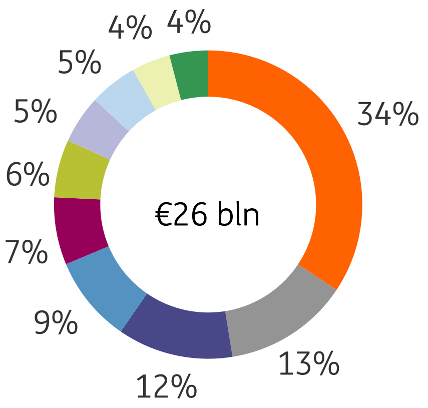
* 30 June 2020 lending and money market credit outstandings, including guarantees and letters of credit, but excluding undrawn committed exposures (off-balance sheet positions)

** Other includes €41 bln Retail-related Treasury lending and €21 bln Other Retail Lending

Granular Retail Consumer Lending and Business Lending

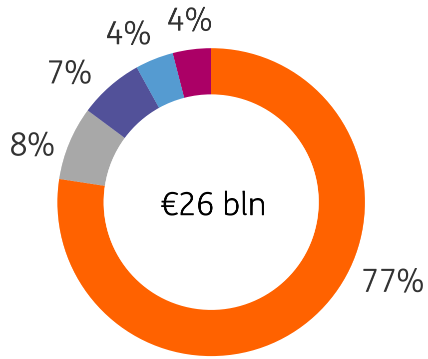
Consumer Lending – 2Q2020 Lending Credit Outstandings

By geography



- Germany
- Belux
- Spain
- France
- Poland
- Netherlands
- Romania
- Italy
- Turkey
- Other

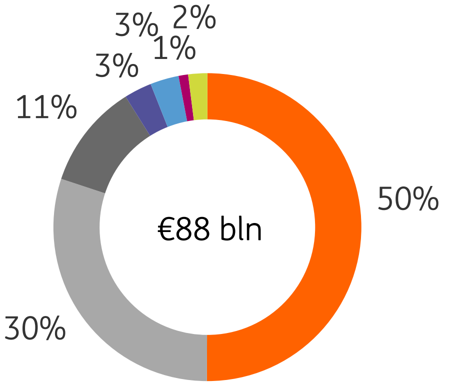
By product



- Term Loan
- Revolver
- Personal Loan
- Overdraft
- Other

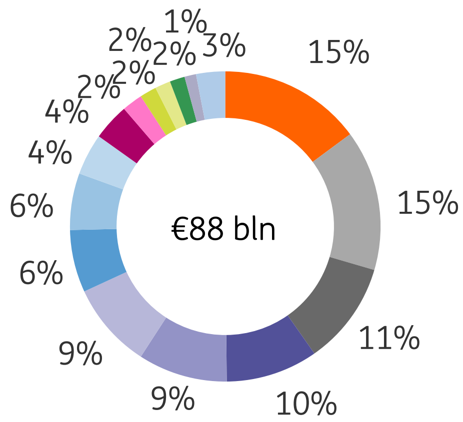
Business Lending – 2Q2020 Lending Credit Outstandings

By geography



- Belgium
- Netherlands
- Poland
- Turkey
- Australia
- Romania
- Other

By sector

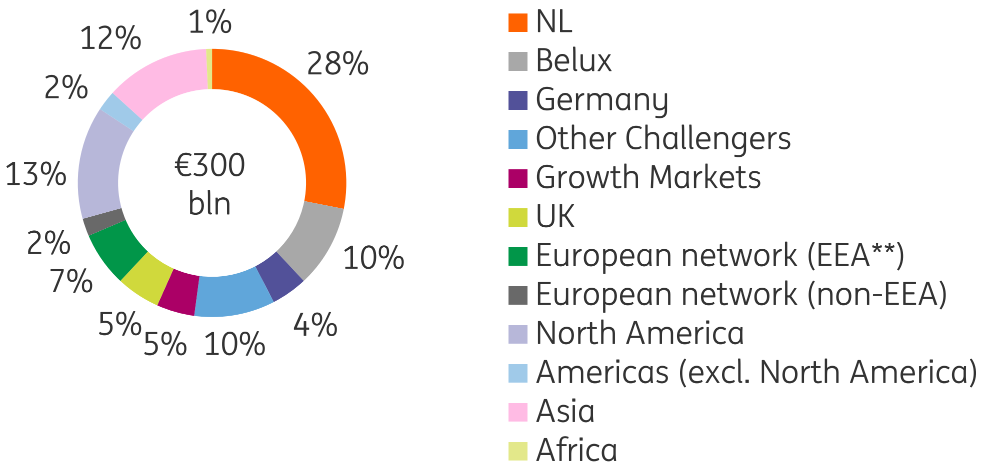


- Real Estate
- Services
- Food, Beverages & Personal Care
- Builders & Contractors
- General Industries
- Chemicals, Health & Pharmaceuticals
- Transportation & Logistics
- Lower Public Administration
- Retail
- Automotive
- Natural Resources
- Central Governments
- Media
- Utilities
- Non-Bank Financial Institutions
- Other

Granular Wholesale Banking lending

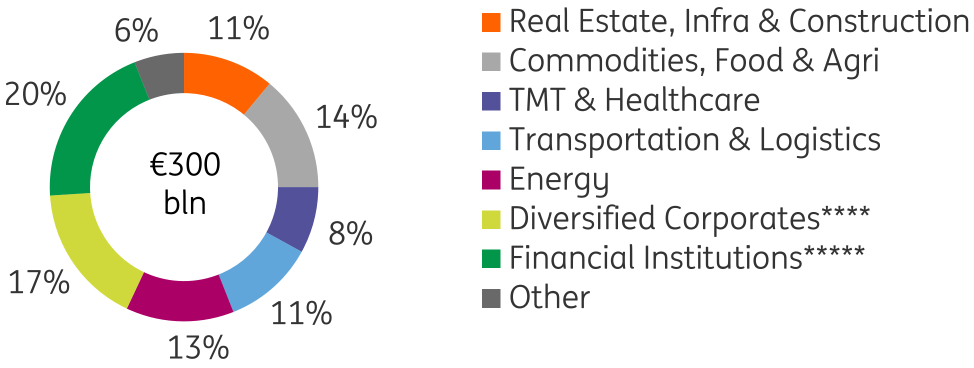
Loan portfolio is well diversified across geographies…

Lending Credit O/S Wholesale Banking (2Q2020)*

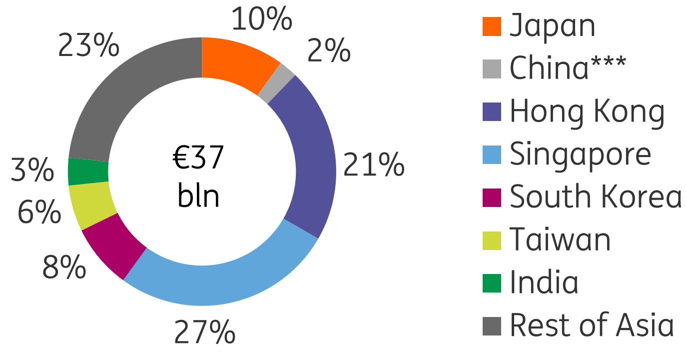


…and sectors

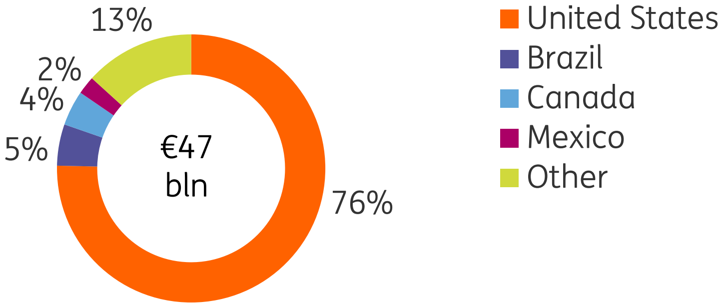
Lending Credit O/S Wholesale Banking (2Q2020)*



Lending Credit O/S Wholesale Banking Asia (2Q2020)*



Lending Credit O/S Wholesale Banking Americas (2Q2020)*



* 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 30 June 2020); **** Large corporate clients active across multiple sectors; ***** Including Financial sponsors

Leveraged finance book managed within a restrictive framework

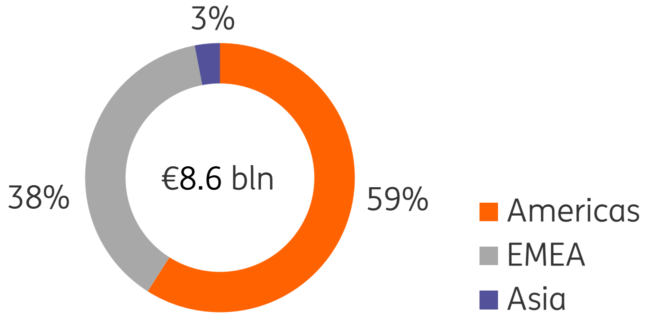
Business overview

- 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 €8.6 bln as per 2Q2020
- There were supportive market conditions in the beginning of the year, evidenced by a substantial increase in the number of transactions. After markets dried up following the Covid-19 pandemic, primary focus is on managing the existing portfolio. In 2Q2020, we were able to syndicate the two transactions which remained on our balance sheet at the end of 1Q2020

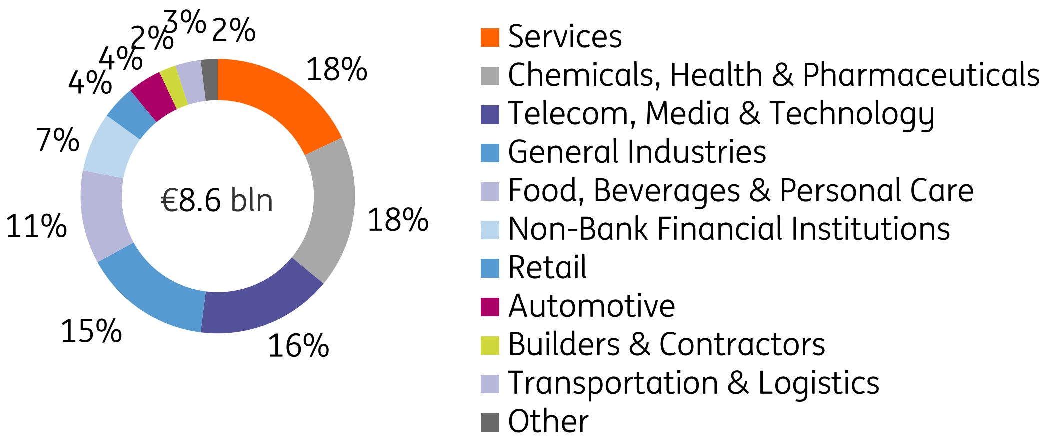
Main actions taken

- Global cap of €10.1 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 2Q2020)



Leveraged finance book* highly diversified by industry (as per 2Q2020)



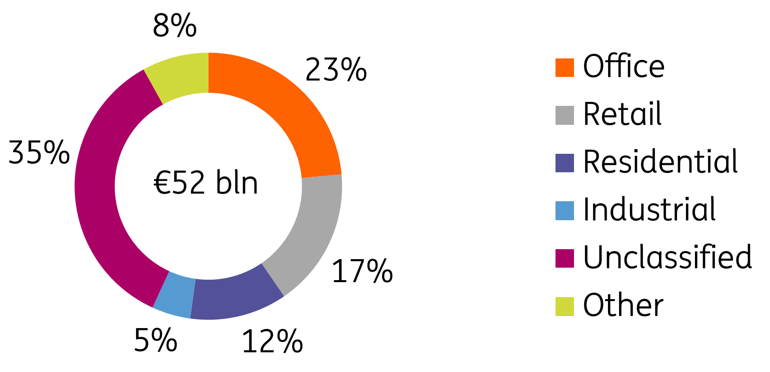
* Leveraged finance is defined as Private Equity driven leveraged finance with higher than 4x leverage. Leveraged finance book is total commitments (i.e. including undrawn)

Well-diversified Commercial Real Estate (CRE) portfolio

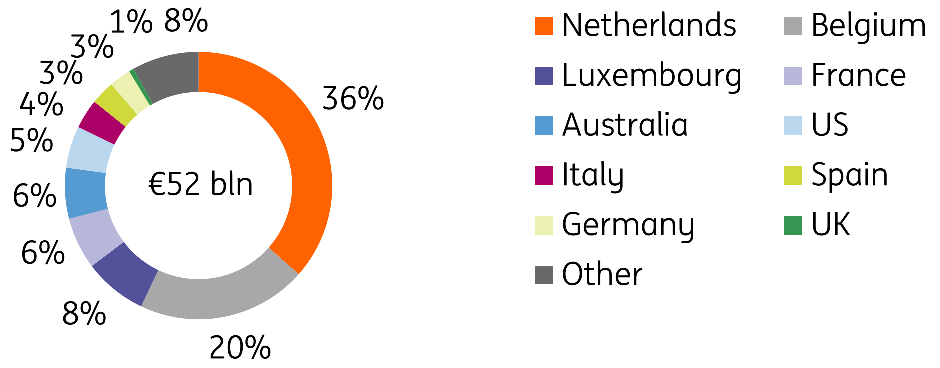
Business overview

- CRE portfolio of €51.7 bln, cap at €56 bln, split between:
  - Real Estate Finance (REF) €36.7 bln
  - Retail Banking €15 bln
- REF portfolio is managed by Wholesale Banking, booked in WB (€25.4 bln) and RB (€11.3 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 1.0%
- 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 17% 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 2Q2020)

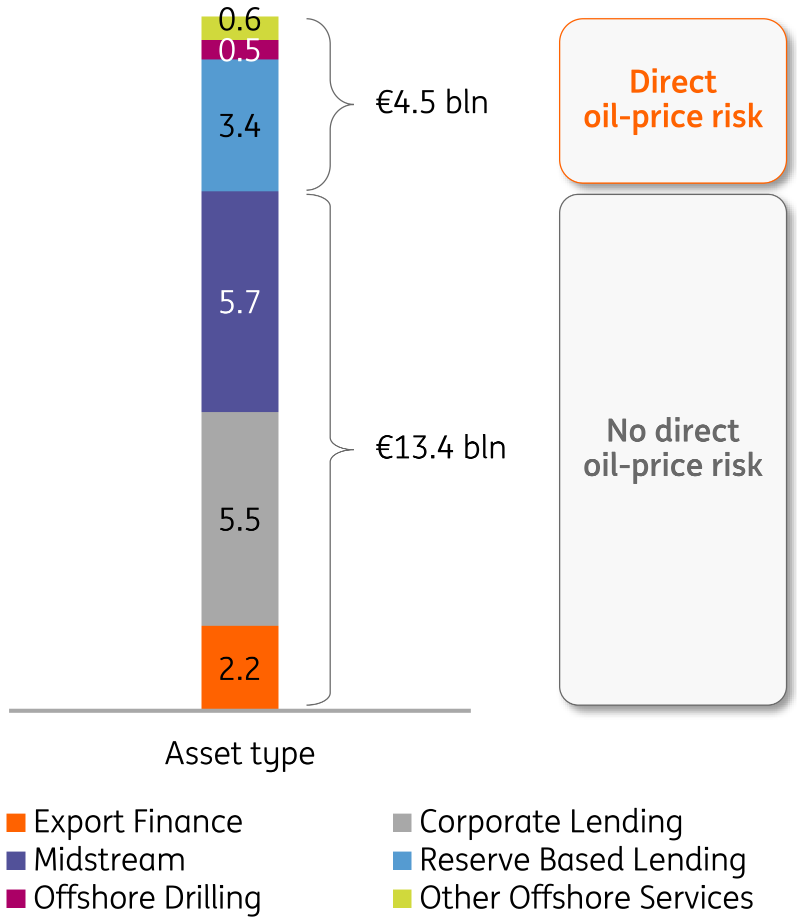


CRE breakdown by geography* (as per 2Q2020)



* Geographical split based on country of residence

Oil & Gas book: only €4.5 bln directly exposed to oil-price risk



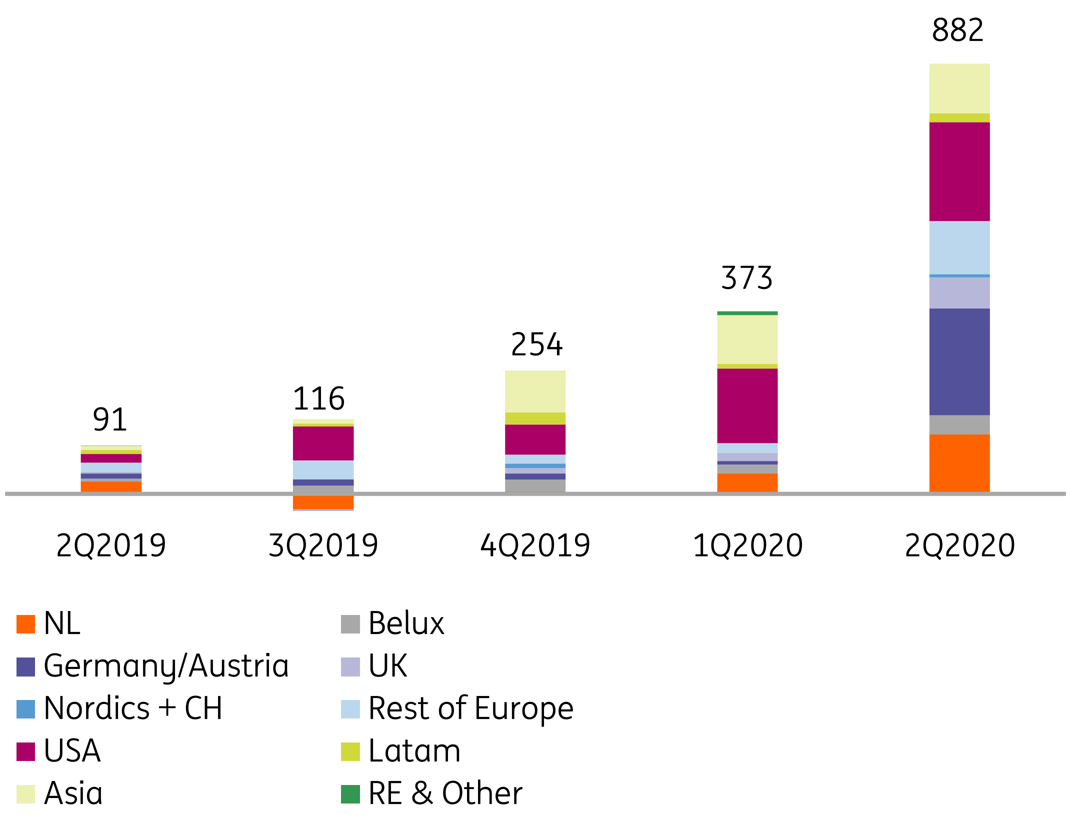
- Reserve Based Lending: smaller independent oil & gas producers, focus on 1st cost quartile producers
- Midstream: typically assets generating revenues from long-term tariff based contracts, not affected by oil & gas price movements
- Corporate Lending: predominantly loans to investment grade large integrated oil & gas companies
- Export Finance: ECA-covered loans in oil & gas sector: typically 95%-100% credit insured

Overall Stage 3 ratio at 7.8%

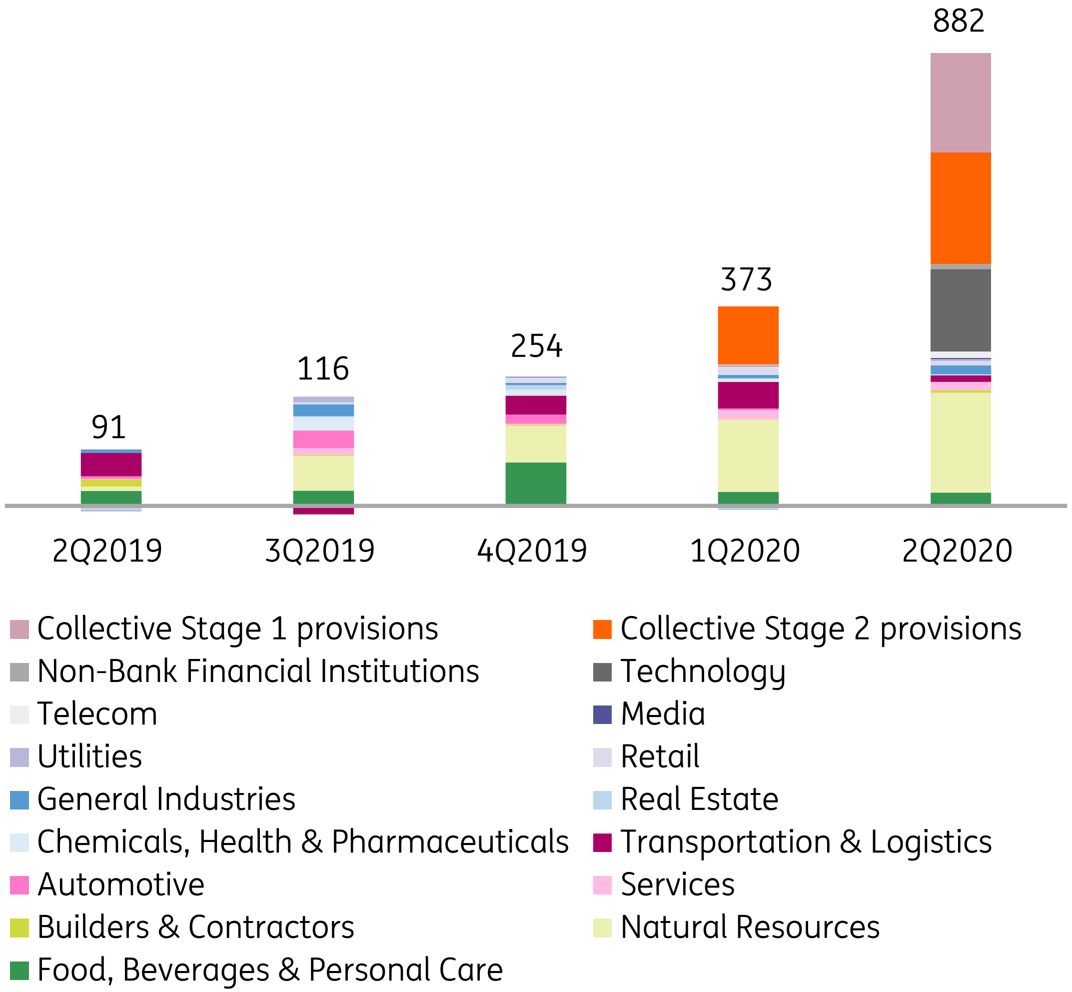
Note: exposure and Stage 3 ratio reflects companies active in the Oil & Gas industry and excludes €12.2 bln exposure in Trade & Commodity Finance with no direct oil-price risk, reflecting short term self-liquidating financing of trade flows, generally for major trading companies, typically pre-sold or price-hedged

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)



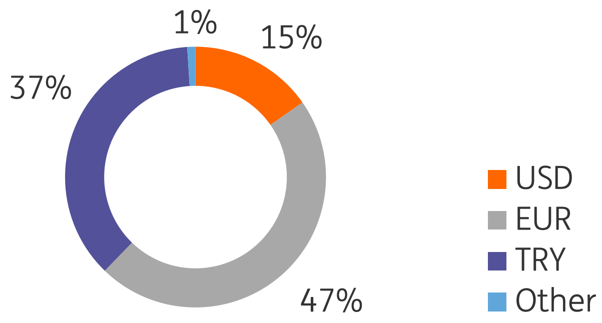
Overview Turkey exposure

Total exposure ING to Turkey* (in € mln)

	2Q2020	1Q2020	Change
Lending Credit O/S Retail Banking	**4,123**	**4,242**	**-2.8%**
Residential mortgages	484	531	-8.9%
Consumer lending	1,148	1,157	-0.8%
SME/Midcorp	2,491	2,554	-2.5%
Lending Credit O/S Wholesale Banking	**5,425**	**6,019**	**-9.9%**
Total Lending Credit O/S*	**9,548**	**10,261**	**-6.9%**

- Intra-group funding reduced from €1.8 bln at end-1Q2020 to €1.5 bln at end-2Q2020
- Reduction of outstandings in 2Q2020 is mainly driven by WB
- 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. €1.6 bln; approx. €0.3 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 4.2%

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

	2Q2020	1Q2020
Stage 3 ratio	4.2%	4.1%
Coverage ratio	53%	53%

* 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.

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