ING Credit Update 2Q2021

ING Investor Relations

6 August 2021

do your thing

Key points

- We continue to provide support to customers, employees and society in coping with the effects of the Covid-19 pandemic. With vaccination programmes progressing globally, we look forward to return to more normal circumstances
- As focus on climate action accelerates, we are well-positioned to finance the investments needed for the transition to a low-carbon economy
- Pre-provision result was good, supported by continued strong fee income, the inclusion of the TLTRO III benefit and negative rate charging in NII and cost control, despite margin pressure on customer deposits
- Mortgage growth in Retail continued, while repayments in WB led to an overall €3.7 bln reduction of net core lending. Net core deposits growth was €4.9 bln
- Fee income remained strong, as increased daily banking fees reflected higher package fees and a recovery of payment transactions. Investment product fees benefited from growth of new accounts and higher AuM
- Risk costs were €-91 mln. The Stage 3 ratio declined to 1.5% and we are confident about the quality of our loan book
- For 2021, we expect overall risk costs to be below our through-the-cycle average of ~25 bps
- 2Q2021 CET1 ratio was higher at 15.7%, with 50% of €1,459 mln 2Q2021 resilient net profit reserved outside of CET1 capital for distribution
- We currently have €4,031 million reserved outside of CET1 capital and we will distribute €3,618 million after September 2021

Accelerated focus on climate action strengthens our leading role in financing the transition to a low-carbon economy

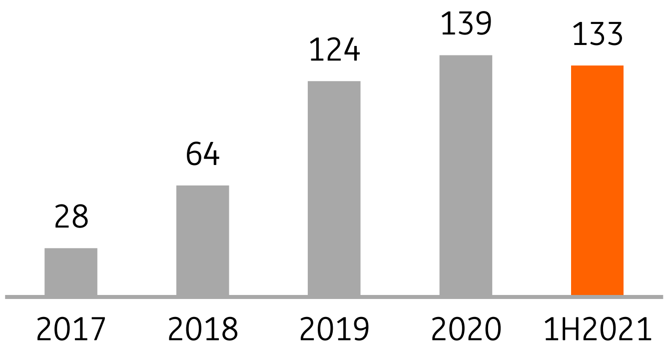
Recent events reiterate the need for the green transition

- Impact of extreme weather visible on a global scale
- The societal call for climate action further increased, with stakeholders demanding that companies accelerate their transition to low-carbon business models
- Action and urgency also visible with policymakers with announcements on the Renewed Sustainable Finance Strategy, the 'Fit for 55' package as part of the EU Green Deal and the Green Bond Standard proposal

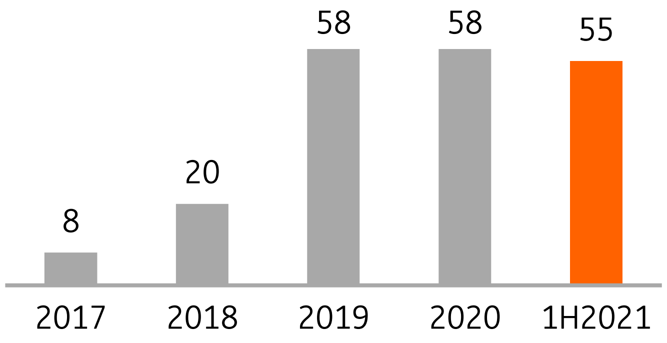
We are well-positioned to finance that transition

- We have been supporting our clients in their transition to a low-carbon economy for several years already
  - The first bank to start steering our loan book with our science-based Terra approach in 2018
  - Pioneer with the development of innovative products such as the Sustainability Linked Loan in 2017
- We have taken a leading role in a growing number of sustainability deals including green bond underwritings, with acceleration visible in 1H2021
- We are on track with our current ambition for the Terra approach*. We are committed to further accelerate this ambition and have joined the Net-Zero Banking Alliance

Sustainability deals (#)**



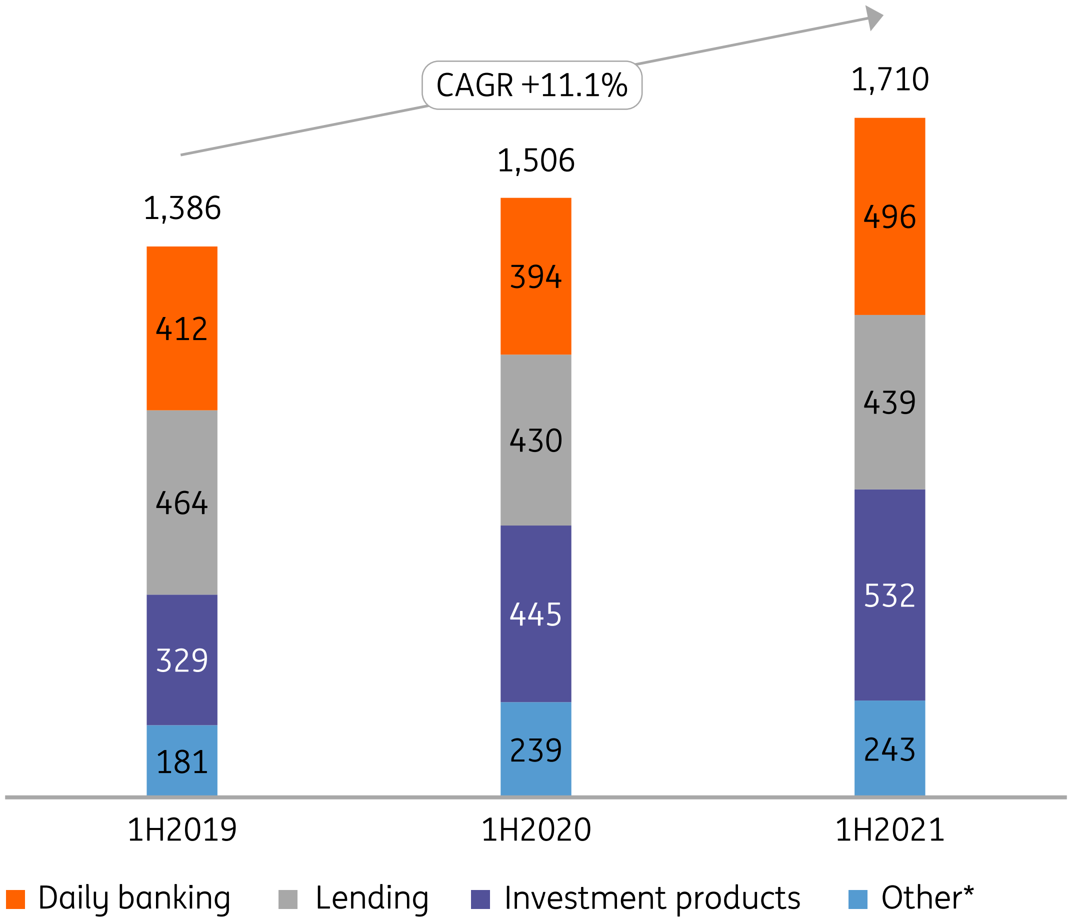
Green bond underwritings (#)



* Based on our 2nd Terra update report published in 2020, which measured progress over 2019
** Sustainable Finance transactions includes sustainability loans and bonds, green loans and bonds, sustainable structured finance, social loans and bonds, and sustainable investments

Fee growth continued in 1H2021

Net fee & commission income per product category (in € mln)



- Development of daily banking fees since 2019 was mainly driven by annual increases of ~15% of package fees in Retail Benelux. The YoY development also reflected a recovery of payment transaction fees in 2Q2021 as lockdown restrictions were partially lifted
- Lending fees remained subdued, reflecting low (business) loan demand driven by the Covid-19 pandemic
- Strong growth of investment products fees, which was partly structural reflecting growth of new accounts and AuM. Part was due to a high number of trades driven by market volatility, with a less elevated level visible in 2Q2021
- Further opportunities supporting our 5-10% growth ambition
  - Further recovery of (international) payment transactions
  - Increased charging for actual costs of operating (savings) accounts, custody fees and daily banking packages
  - Return of loan growth
  - Introduction of new product propositions (investment, insurance, lending)

* Other includes Insurance products and Financial Markets

Business profile

Well-diversified business mix with many profitable growth drivers

Retail Banking

- Focus on earning the primary relationship
- We use technology to offer a differentiating experience to our customers
- Distribution increasingly through mobile devices which requires simple product offering

Market Leaders
Netherlands, Belgium, Luxembourg

Challengers
Australia, Austria*, Czech Republic*, France, Germany, Italy, Spain

Growth Markets
Philippines, Poland, Romania, Turkey, Asian bank stakes

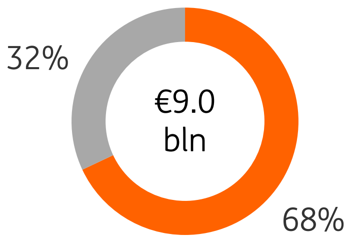
Wholesale Banking International Network

Wholesale Banking

- Our business model is similar throughout our global WB franchise
- With a sector and client-driven strategy, our global franchises serve corporates, multinational corporations, financial institutions, governments and supranational bodies

Total income**

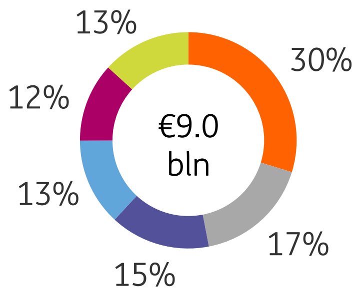
1H2021



Retail Banking
Wholesale Banking

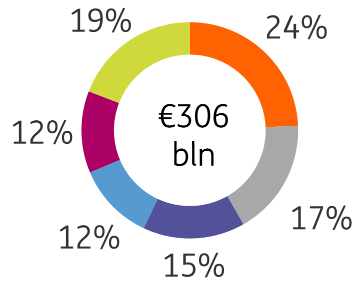
Total income**

1H2021



RWA (end of period)**

2Q2021



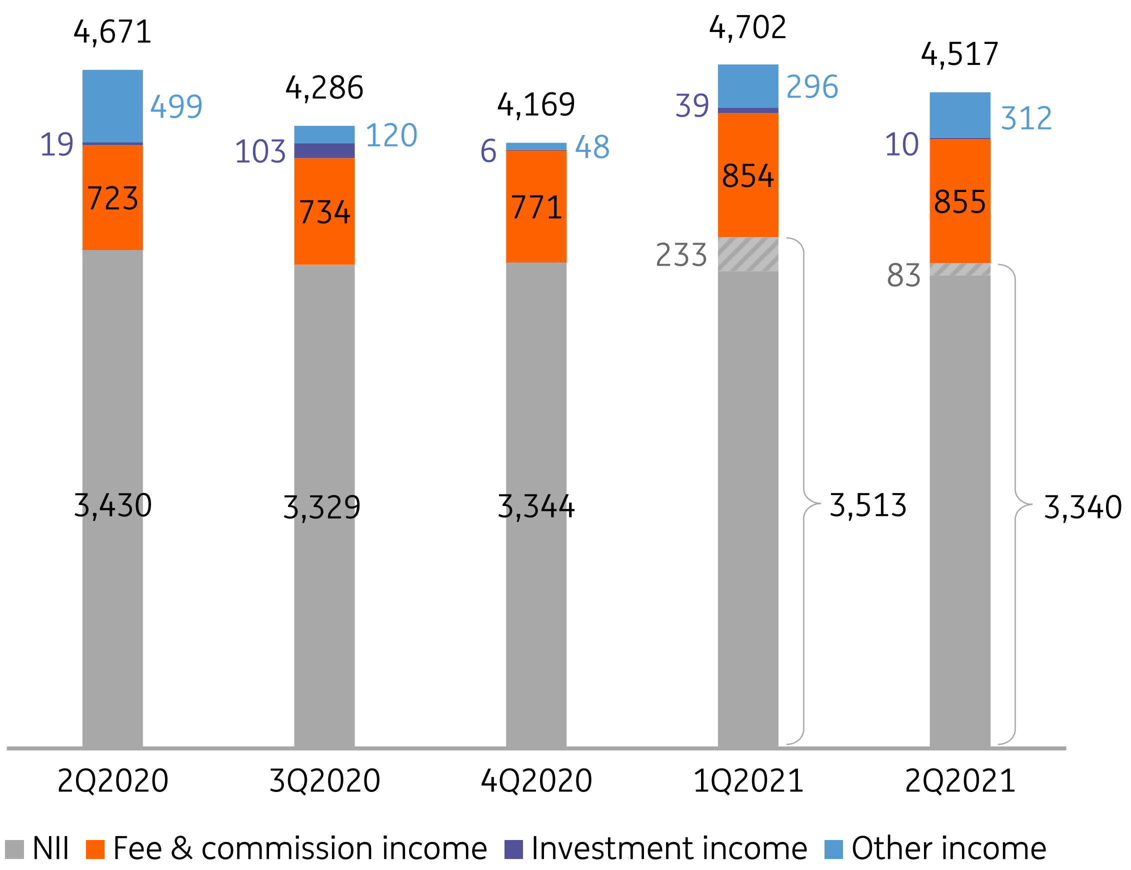
Netherlands | Belgium | Germany | Other Challengers | Growth Markets | WB Rest of World

* Discontinuation of retail banking activities has been announced
** Segment "Other" is not shown on the slide. For this segment (Corporate Line and Real Estate run-off portfolio), total income was €184 mln in 1H2021 and RWA was €3.0 bln as per 30 June 2021

2Q2021 results

Income supported by continued strong fee income

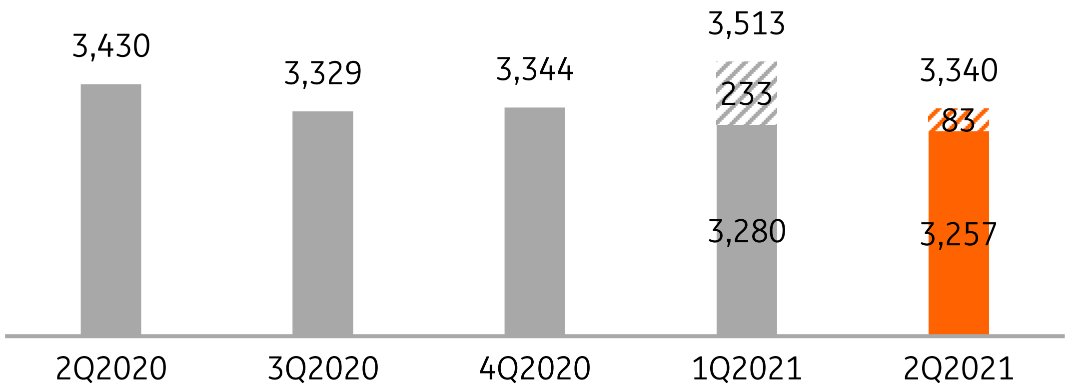
Income (in € mln)



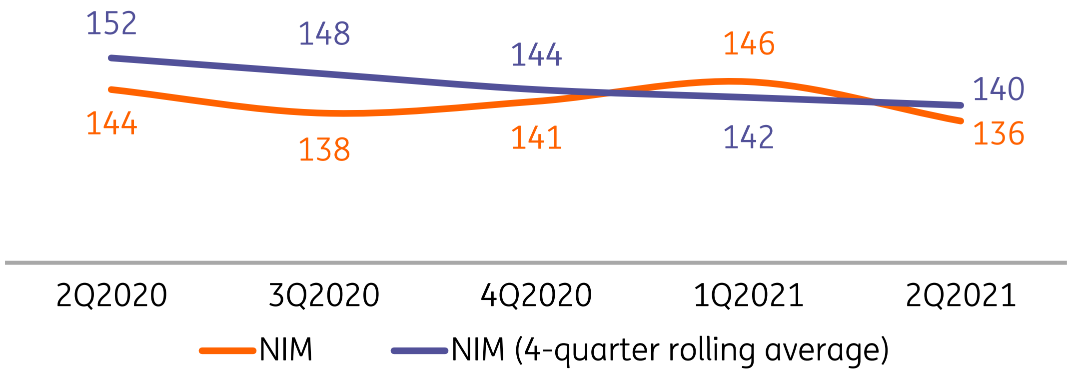
- Total income YoY included another strong quarter for fee income, mainly driven by daily banking products
  - NII included a €83 mln TLTRO III benefit
  - Other income was lower as 2Q2020 benefited from several factors reflecting the rebound of markets relative to the start of the Covid-19 pandemic. This was partly offset by a €72 mln receivable due to a better than expected recovery related to the insolvency of a financial institution in the Netherlands
- Sequentially, total income was supported by continued strong fee income, with some pressure visible on NII
  - NII included a lower TLTRO III benefit of €83 million compared with €233 million in 1Q2021
  - Fees were stable at the high level of 1Q2021 driven by higher daily banking fees. This compensated for lower investment product fees, reflecting a less elevated level of trades following a record 1Q2021

Resilient NII; 4-quarter rolling average NIM at 140 bps

Net interest income (in € mln)



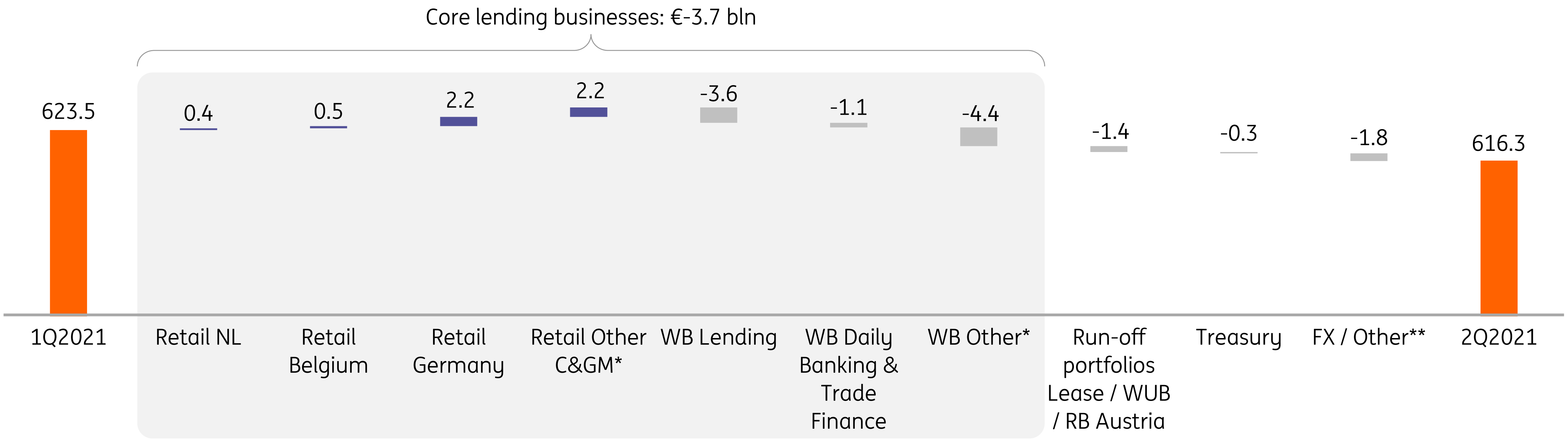
Net Interest Margin (in bps)



- NII in 2Q2021 was supported by €83 mln of TLTRO III benefit. Excluding this benefit, NII was YoY affected by pressure on customer deposit margins, while customer deposits continued to increase. At slightly higher lending margins, lending NII reflected lower average lending volumes. Furthermore, FX translation had a sizable negative impact YoY
- Sequentially, NII excluding the TLTRO III benefit (€233 million in 1Q2021) was mainly impacted by the aforementioned pressure from customer deposits, which was partly offset by higher average lending volumes
- 2Q2021 NIM was 136 bps, down ten basis points from 1Q2021. This was mainly driven by the inclusion of the high TLTRO III benefit in 1Q2021. The remaining four basis points decrease reflected an increase in the average balance sheet and liability margin pressure, while lending margins improved slightly

Sustained mortgage growth, higher repayments in WB

Customer lending 2Q2021 (in € bln)

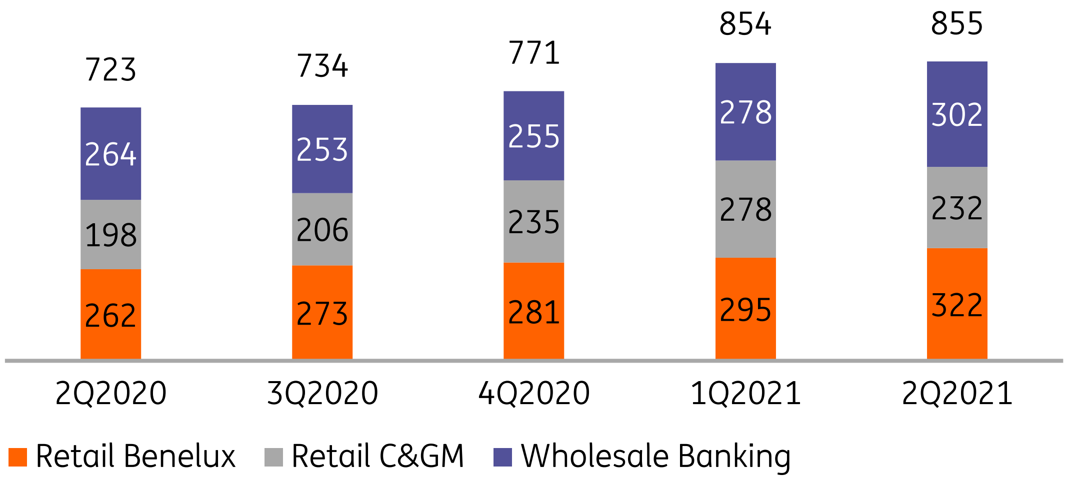


- Net core lending growth was €-3.7 bln in 2Q2021
  - Retail Banking was €5.3 bln higher. Mortgages grew by €4.2 bln, due to sustained growth mainly in Challengers & Growth Markets (primarily in Germany, Spain and Poland), whereas other retail lending increased by €1.1 bln
  - Wholesale Banking decreased by €9.0 bln, mainly in Financial Markets and Lending, which included repayments on term loans and some short-term facilities
- Net core deposits growth (excluding the run-off in RB Austria and RB Czech Republic) was €4.9 bln

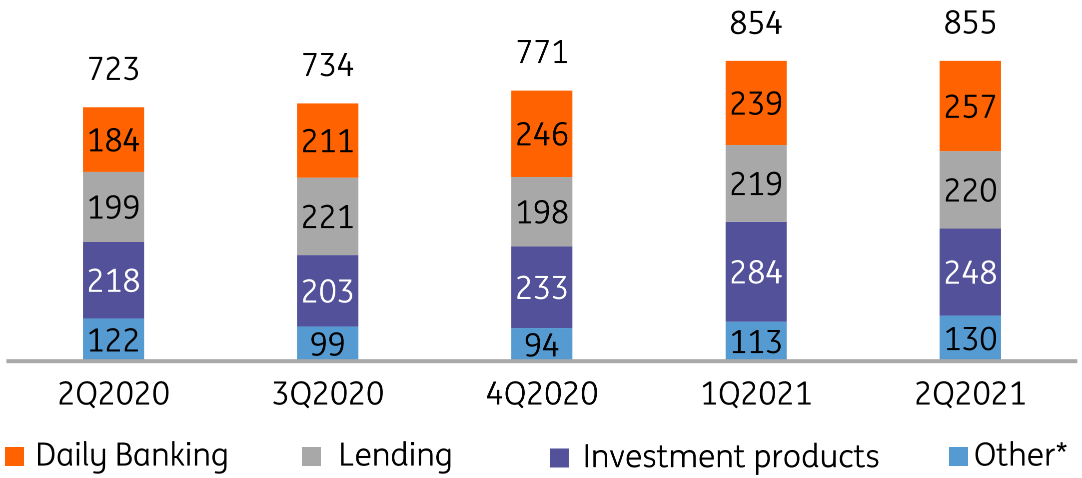
* C&GM is Challengers & Growth Markets (excluding the run-off portfolio in RB Austria); WB Other includes Financial Markets
** FX impact was €-1.7 bln and Other €-0.1 bln

Continued strong fee income

Net fee and commission income per business line (in € mln)



Net fee & commission income per product category (in € mln)

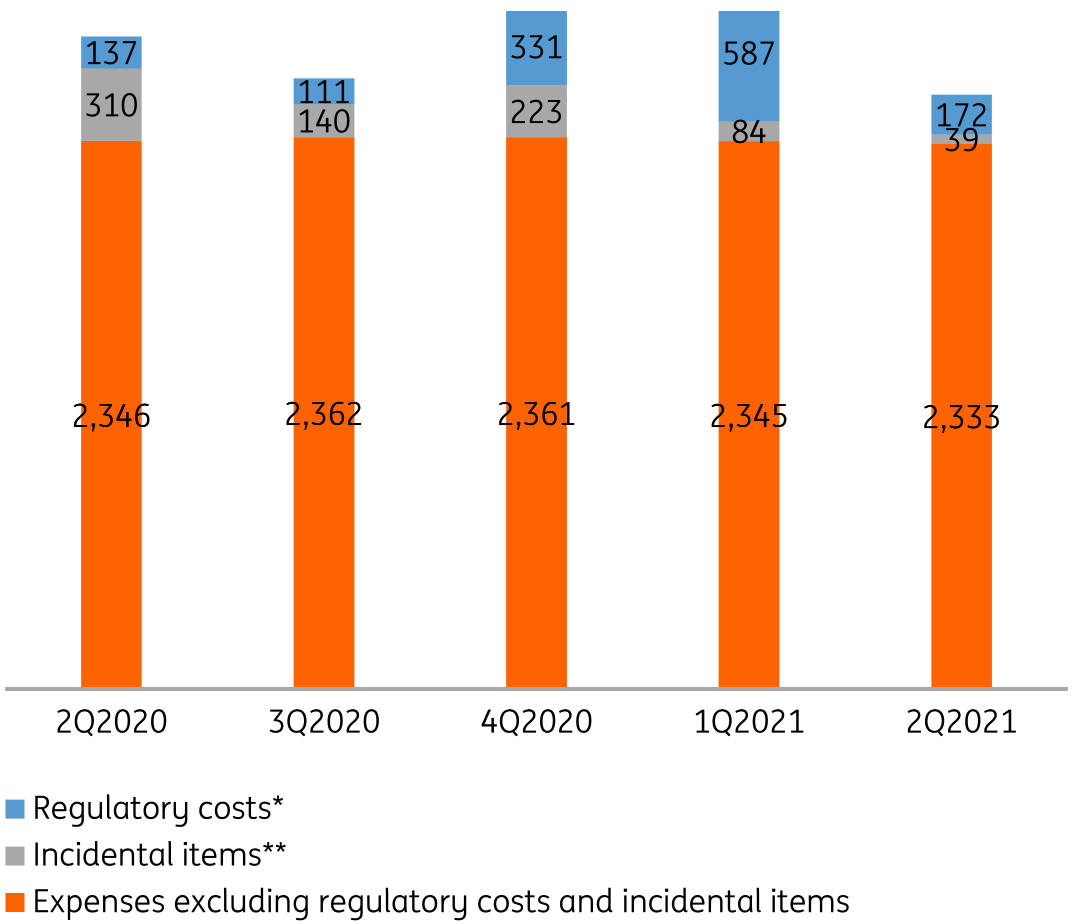


- Compared to 2Q2020, overall fee growth was 18%
  - In Retail Banking, fee growth was 20%. This was mainly driven by daily banking fees, as the benefit from higher package fees became visible, while (domestic) payment transactions further recovered. Fees from investment products were also higher as assets under management, the number of new accounts and number of trades increased
  - Fees in Wholesale Banking were up 14%, driven by higher fees in Lending, TCF and PCM
- Sequentially, fees remained at the same high level of 1Q2021. In Retail Banking, daily banking fees increased due to aforementioned reasons, while investment products fees were lower reflecting a less elevated number of trades following a record-high number in 1Q2021. In Wholesale Banking, in addition to the aforementioned reasons, higher fees were also driven by increased Corporate Finance activity

* Other includes insurance products and Financial Markets

Operating expenses under control

Expenses (in € mln)

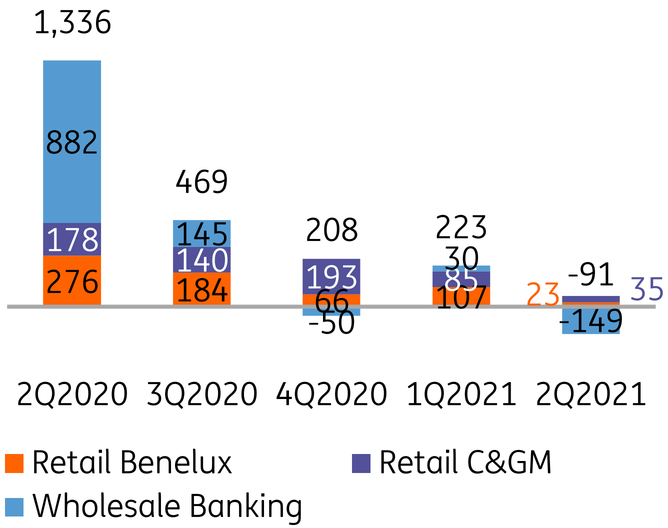


- Expenses included €39 mln of incidental items, reflecting an IT impairment and some additional redundancy costs. This compares to €310 mln goodwill impairments in 2Q2020 and €84 mln redundancy and restructuring costs in 1Q2021
- Excluding incidental items and regulatory costs, expenses were 0.5% lower YoY, as lower costs for 3rd party staff, professional services and marketing more than offset higher IT expenses, CLA-related salary increases and some litigation provisions
- Also sequentially, when excluding regulatory costs and incidental items, expenses were 0.5% lower. Cost savings and a slightly higher VAT refund compensated for the CLA-related salary increases
- Regulatory costs were €35 mln higher YoY, mainly reflecting a catch-up in the DGS contribution in Germany following the Greensill insolvency
- QoQ regulatory costs were €415 mln lower, as the annual contributions to the SRF, the Belgian DGS and the annual Belgian bank tax are fully paid in the first quarter of each year

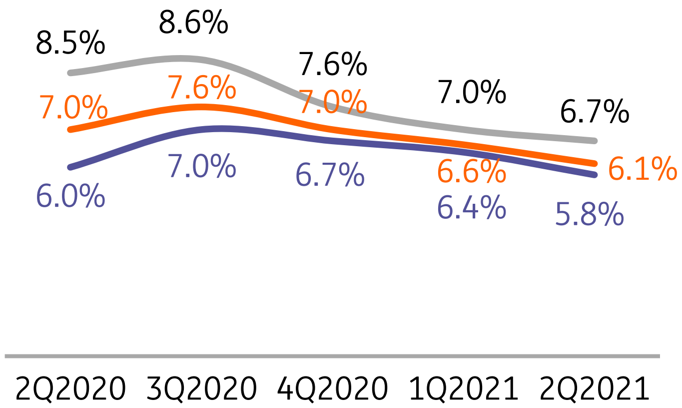
* Formal build-up phase of Deposit Guarantee Schemes (DGS) and Single Resolution Fund (SRF) should be completed by 2024
** Incidental expenses as included in volatile items on slide 42

Risk costs remain well below the through-the-cycle average

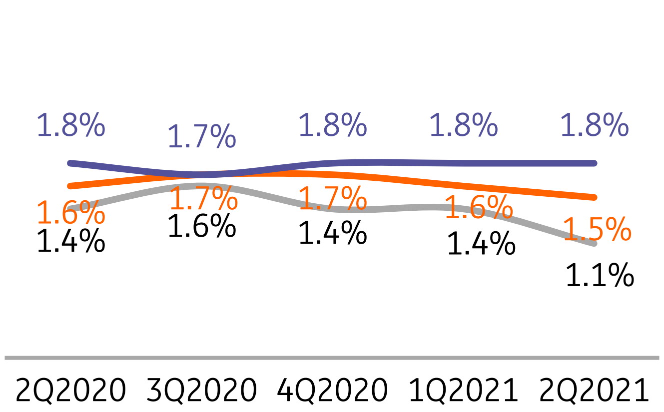
Risk costs per business line (in € mln)



Stage 2 ratio



Stage 3 ratio



- 2Q2021 risk costs were €-91 mln, or -6 bps of average customer lending, well below the through-the-cycle average of ~25 bps. This included a €230 mln management overlay, reflecting uncertainty related to the Covid-19 pandemic and an expected delay in credit losses. The overlay partly offset €492 mln of releases driven by updated macro-economic indicators. The combined €-262 mln impact on risk costs was allocated to the segments with Retail Benelux €-106 mln, Retail C&GM €-34 mln and WB €-122 mln
- In Retail Benelux, risk costs further included a €109 mln collective provision reflecting model updates in Belgium. Risk costs in Retail C&GM further reflected collective provisions, mainly in Poland, Germany and Spain. Risk costs in Wholesale Banking further included a limited number of individual additions
- The Stage 2 ratio declined to 6.1%, mainly driven by migration back to Stage 1 of business lending customers in Retail Benelux. The Stage 3 ratio decreased to 1.5%, due to lower Stage 3 lending credit outstandings in Wholesale Banking

ING Group financial ambitions

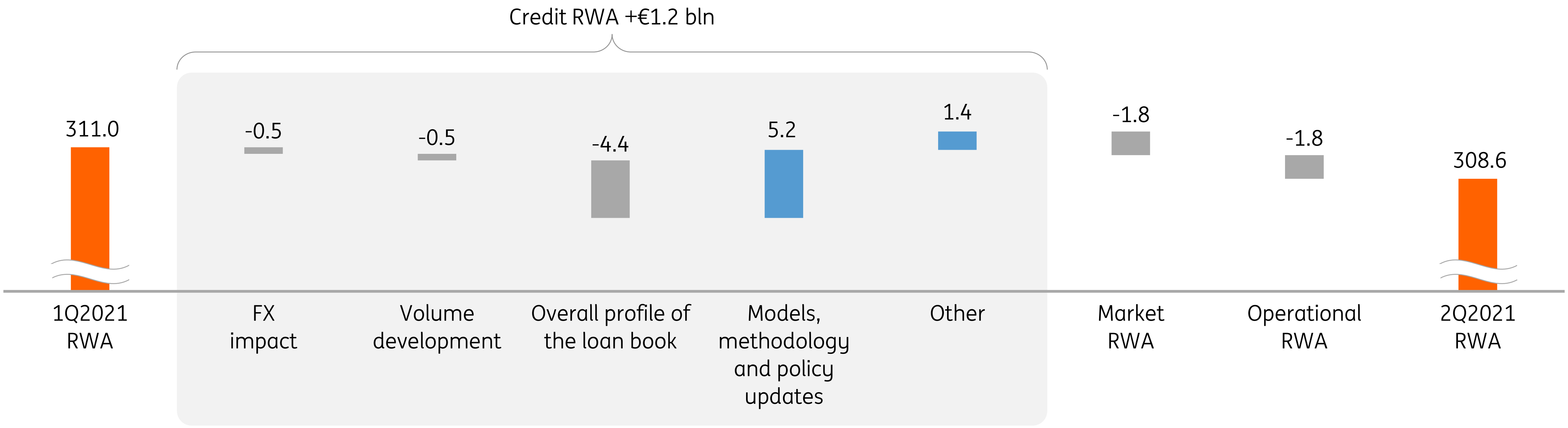
		Actual 2020	**Actual 2Q2021**	Financial ambitions
Capital	▪ CET1 ratio (%)	15.5%	**15.7%**	~12.5%* (Basel IV)
Profitability	▪ ROE (%)** (IFRS-EU Equity)	4.8%	**7.7%**	10-12%
	▪ *C/I ratio (%)***	*63.2%*	***62.7%***	*50-52%*
Distribution	▪ Distribution (per share)	€0.12***	**€0.48******	50% pay-out ratio*****

* Implies management buffer (incl. Pillar 2 Guidance) of ~200 bps over fully-loaded CET1 requirement of 10.51%
** Based on 4-quarter rolling average. ING Group ROE is calculated using IFRS-EU shareholders' equity after excluding 'reserved profit not included in CET1 capital'
As at 30 June 2021, this amounted to €4,031 mln, reflecting an initial reservation for the 2019 final dividend payment, the remaining amount originally reserved for the 2020 distribution and a 50% reservation of the 1H2021 resilient net profit
*** Final dividend
**** Consisting of an interim dividend over 2021 (€0.21 per share) and the remaining amount originally reserved for the 2020 distribution (€0.27 per share)
***** Of resilient net profit

Capital

Total risk-weighted assets decreased in 2Q2021, mainly reflecting an improved collateral profile of the loan book

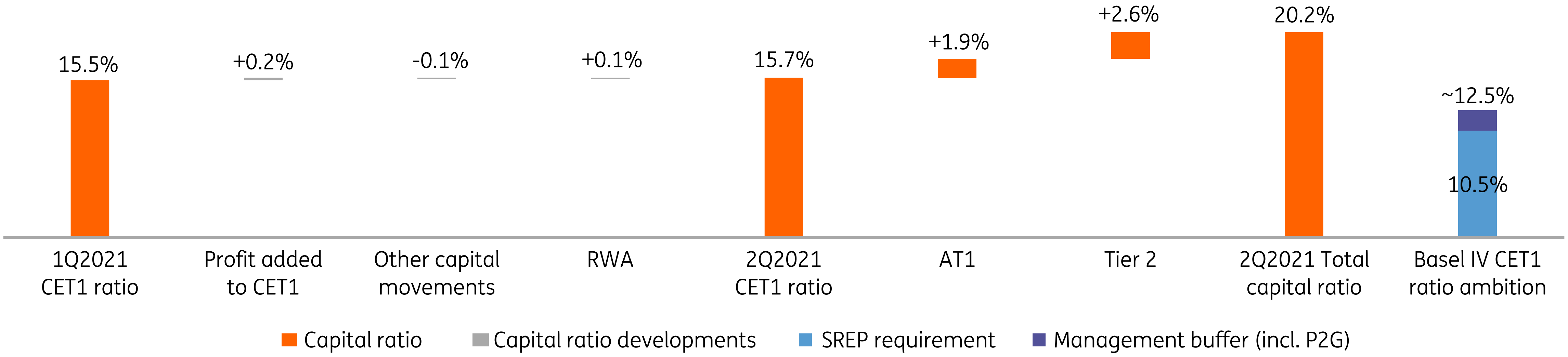
ING Group risk-weighted assets development (in € bln)



- In 2Q2021, RWA decreased by €2.4 bln to €308.6 bln, mainly due to an improved collateral profile of the loan book (€-4.4 bln). Nonetheless, credit RWA increased by €1.2 bln primarily driven by €5.2 bln of model impacts reflecting final TRIM impacts and the implementation of the standardised approach for counterparty credit risk, partially offset by a revised credit conversion factor
- Market RWA decreased by €1.8 bln, mainly driven by a reduction in Historical Value-at-Risk as the March 2020 volatility fell out of the one-year history period
- Operational RWA decreased by €1.8 bln due to regular updates to the AMA model

Strong ING Group CET1 ratio at 15.7%, excluding €4,031 mln profit reserved for distribution

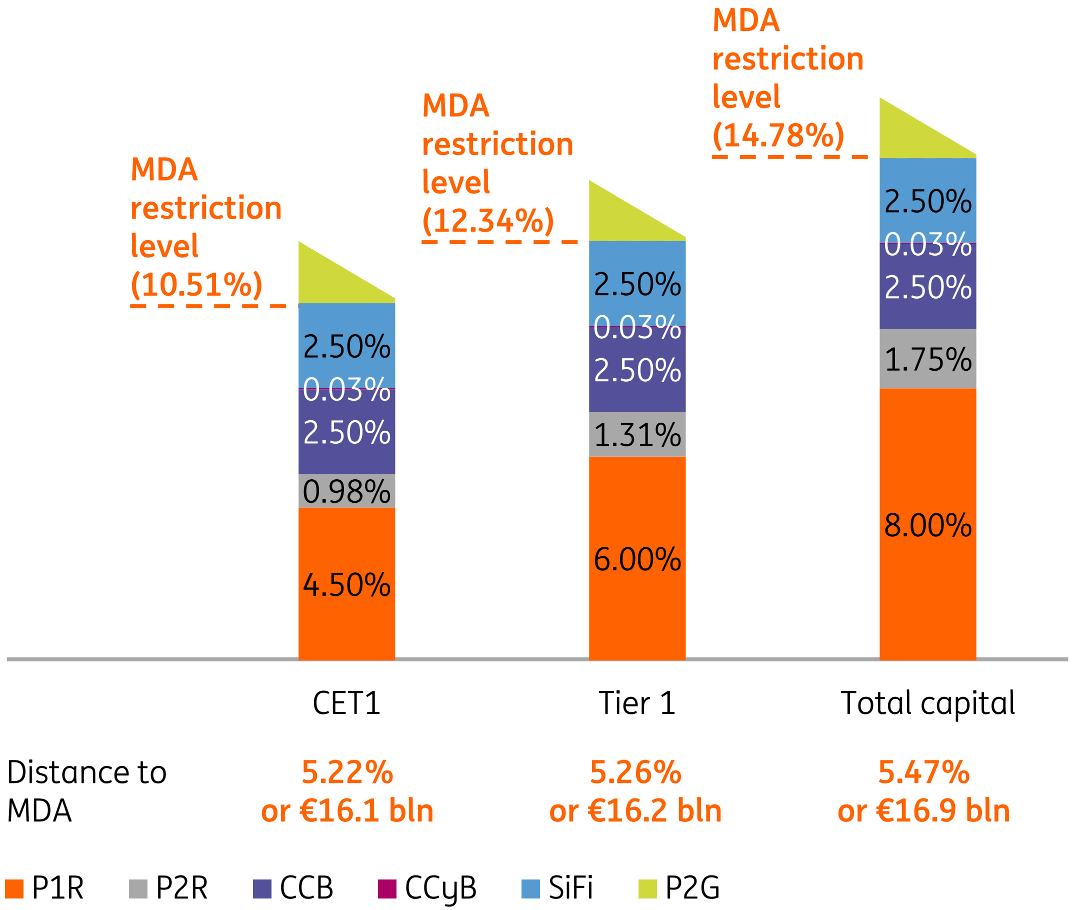
ING Group Total capital ratio development (in %)



- The 2Q2021 CET1 ratio increased to 15.7%, driven by higher CET1 capital and lower RWA
- CET1 capital was €0.4 bln higher, mainly reflecting the addition of 50% of the 2Q2021 net profit and partly offset by FX impact, increased NPE backstop and lower benefit from IFRS 9 transitional arrangements
- With the final TRIM impact absorbed this quarter, we are confident that at the the current strong level of capital we can comfortably absorb the remaining expected regulatory RWA inflation
- At the end of 2Q2021, there was €4,031 mln of reserved profits not included in CET1 capital
- With an AT1 ratio of 1.9% and a Tier 2 ratio of 2.6%, we benefit fully from the CET1 capital relief provided by article 104(a) CRD V

Buffer to Maximum Distributable Amount remained strong at ~5%

ING Group fully-loaded SREP



- ING Group's fully-loaded CET1 requirement is 10.51%
  - 4.50% Pillar 1 Requirement (P1R)
  - 0.98% Pillar 2 Requirement (P2R)
  - 2.50% Capital Conservation Buffer (CCB)
  - 0.03% Countercyclical Buffer (CCyB)
  - 2.50% Systemically Important Financial Institutions Buffer (SiFi)
- Fully-loaded Tier 1 requirement is 12.34%
  - 0.33%-point of P2R can be filled with AT1
- Fully-loaded Total Capital requirement is 14.78%
  - 0.44%-point of P2R can be filled with Tier 2

ING's distribution plans in 2021 and beyond

ING's Distribution Policy

- Pay-out ratio of 50% of resilient net profit
  - Net profit adjusted for significant items not linked to the normal course of business
  - To be paid out in cash or a combination of cash and share repurchases, with the majority in cash
  - Cash-only interim dividend, representing ~1/3 of first half year resilient net profit, to be paid out with our half year results
- Additional return of structural excess capital
  - To be considered periodically, taking into account alternative opportunities as well as macro-economic circumstances and the outcome of our capital planning

Distribution in 2021 and beyond

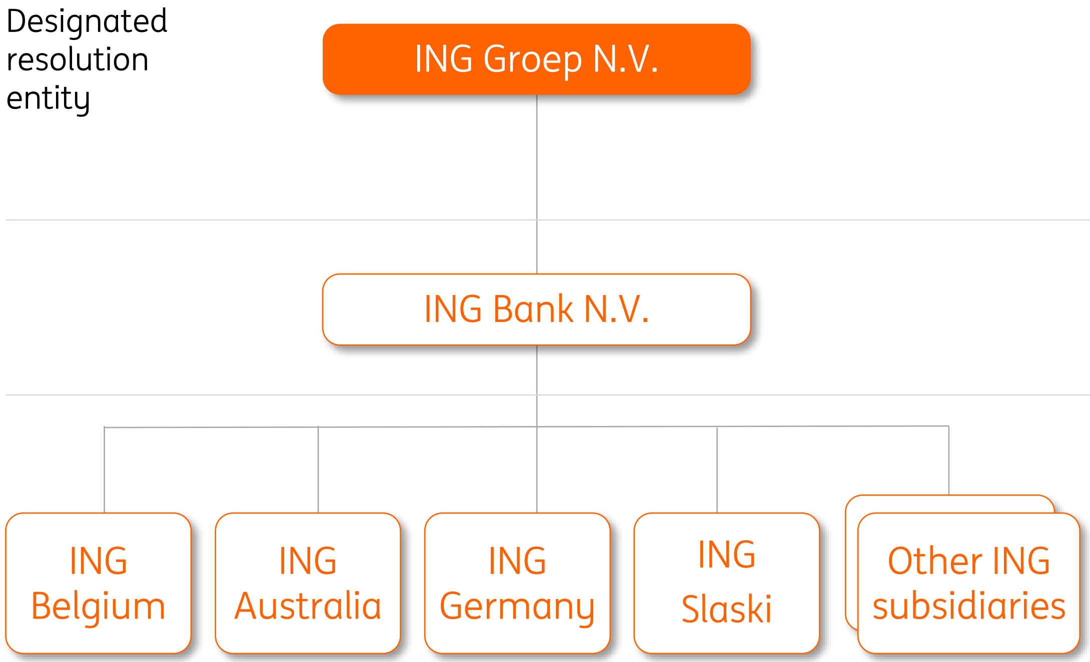
- We will pay an amount of €1,874 mln (€0.48 per share) on 12 October 2021* consisting of an interim dividend over 2021 (€0.21 per share) and the remaining amount originally reserved for the 2020 distribution (€0.27 per share)
- We will make an additional distribution of €1,744 mln related to the amount reserved over 2019 after 30 September 2021
  - This will be in the form of cash and/or a share buyback, subject to relevant approvals
- Over the coming years we intend to gradually converge our CET1 ratio towards our ambition of ~12.5%
  - Our current CET1 ratio represents a buffer over MDA of ~520 basis points
- Given the current uncertainty caused by Covid-19, we will manage the CET1 ratio at a level well above our stated ambition until there is more clarity on how the economy will emerge from the Covid-19 pandemic

* Ex-date: 4 October 2021 (Euronext Amsterdam); Record date: 5 October 2021 (Euronext Amsterdam/NYSE); Payment date: 12 October 2021 (Euronext Amsterdam/NYSE)

Funding & liquidity

Issuance entities under our approach to resolution

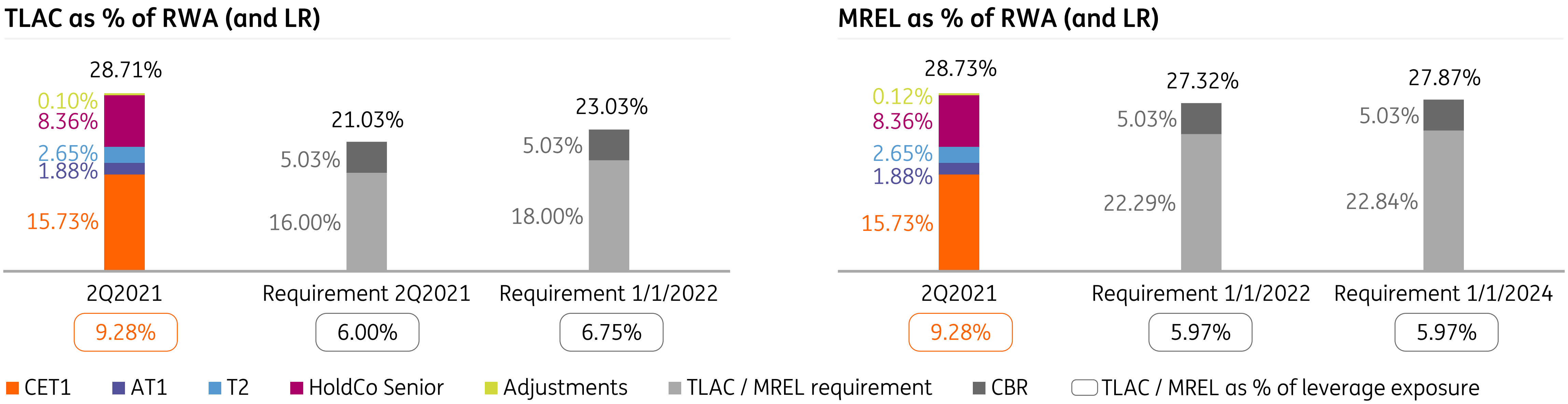
Issuance entities



Eligible instruments for TLAC/MREL

	TLAC	MREL
▪ Own funds (CET1 / AT1 / Tier 2)	✓	✓
▪ Senior unsecured debt (> 1 year)	✓	✓
▪ Own funds	✓	✓
▪ Senior unsecured debt (> 1 year)	✗	✗
▪ Secured funding	✗	✗
▪ Operational funding needs (un)-secured debt	✗	✗

ING meets its TLAC and the new intermediary MREL requirements

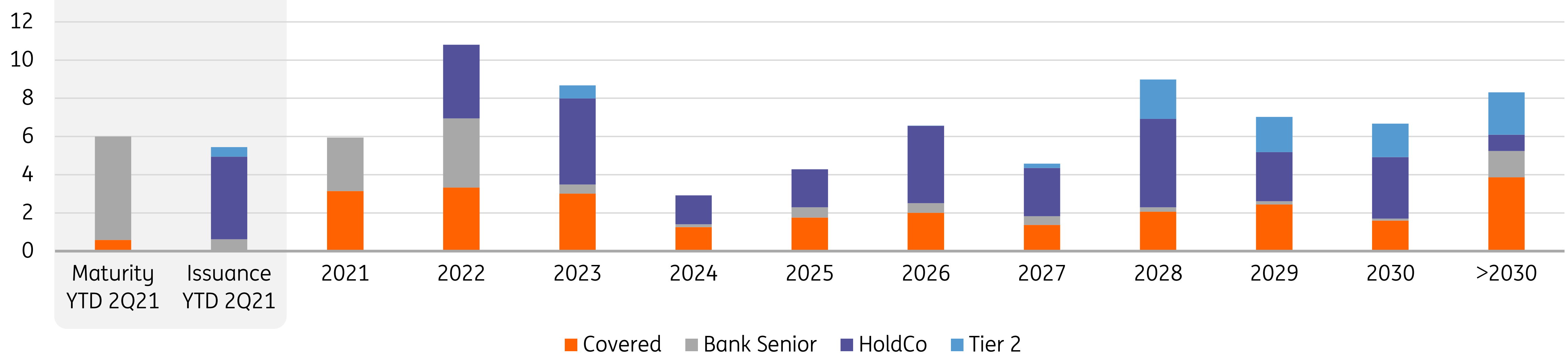


- ING follows a Single Point of Entry (SPE) resolution strategy and issues TLAC/MREL eligible instruments from its resolution entity ING Groep
- ING amply meets the end state TLAC requirement with a TLAC ratio of 28.71% of RWA and 9.28% of TLAC leverage exposure (LR)
- ING Group received preliminary* MREL requirements from the Single Resolution Board of 27.87% on RWA and 5.97% on LR as per 1 January 2024. RWA-based MREL is the most constraining requirement for ING. As per 30 June 2021, ING Group already meets the new intermediary MREL requirements that will become binding as per 1 January 2022

* Official requirement letter is pending the transposition of BRRD2 into Polish law

Long-term debt maturity ladder and issuance activity year-to-date 2Q2021

Long-term debt maturity ladder (in € bln)*



Issuance activity in 2Q2021

- Total issuance in 2Q2021 was ~€2.7 bln with ~€2.7 bln maturities/calls
  - €0.5 bln Green Tier 2 was issued in 11NC6 format
  - US$2.25 bln HoldCo Senior was issued in a triple tranche SEC registered format
  - ~€0.3 bln of Bank Senior funding was raised**
- ~€6.9 bln of Bank Senior debt is maturing in the period until the end of 2023

* Tier 2 maturities are based on the 1st call date for callable bonds and contractual maturity for bullets. Excluding RMBS and excluding perpetual instruments
** Structured notes

ING’s debt issuance programme in 2021

Group / Bank issuance plan

Senior debt issuance

- Updated guidance on Holdco Senior issuances for 2021 is ~€5-7bln, subject to balance sheet developments and Covid-19 related impacts
  - ~€4.3bln of Senior HoldCo has been issued in 2021 up till 30 June
- OpCo Senior could be issued for internal ratio management and general corporate funding purposes

Tier 2

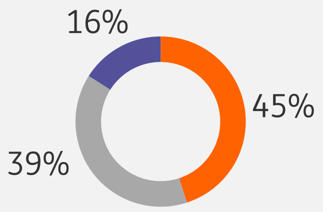
- Outstanding Tier 2 of ~€8.2 bln, translating into a Tier 2 ratio of 2.6%
  - ~€0.8 bln is Bank Tier 2
- The remaining Bank Tier 2 benchmark instrument has a final maturity date in September 2023

AT1

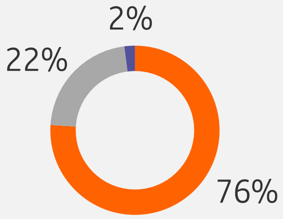
- Outstanding AT1 of ~€5.8 bln translates into an AT1 ratio of 1.9%
- ~€1 bln of grandfathered securities until 31 December 2021 following the grandfathering rules*
- ~€4.9 bln of CRR compliant securities all US$ denominated

Currency split

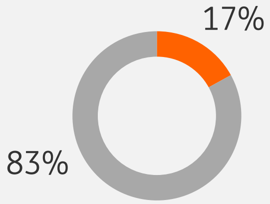
HoldCo Senior



Tier 2



AT1



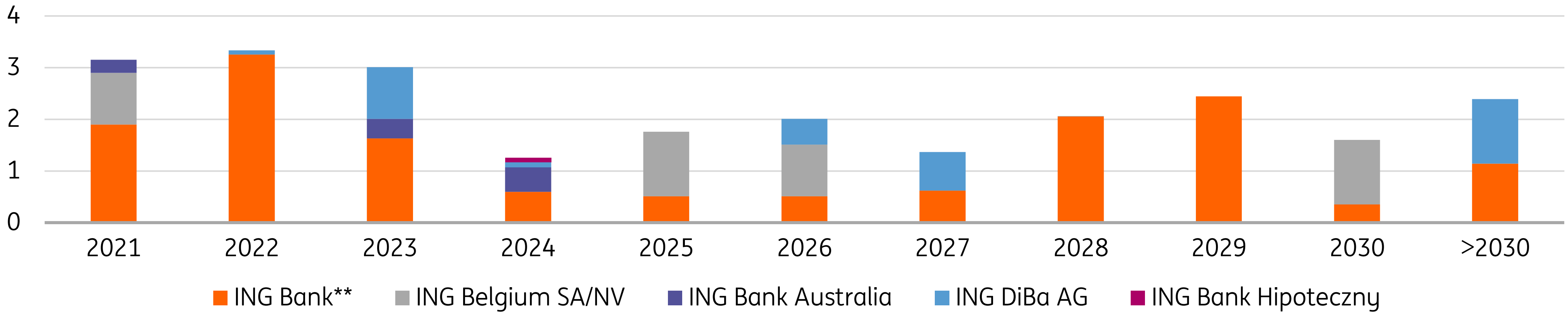
EUR USD Other

* Regulatory treatment after 1 January 2022 is under evaluation following the recent EBA opinion on the treatment of legacy instruments

Other subsidiaries remain active mainly through their covered bond programmes

	ING Bank N.V.	ING Belgium S.A./N.V.	ING Bank (Australia) Ltd	ING DiBa AG	ING Bank Hipoteczny
Instruments overview	▪ Secured funding ▪ Senior unsecured	▪ Secured funding	▪ Secured funding	▪ Secured funding	▪ Secured funding
Outstanding	▪ Covered bond*: €15.1 bln ▪ Senior unsecured: ~€10 bln	▪ Covered bond*: €4.5 bln	▪ Covered bond: AUD$1.75 bln	▪ Covered bond: €3.7 bln	▪ Green covered bond: PLN 400 mln
Covered Bond programme	▪ ING Bank Hard and Soft Bullet CB Programme ▪ ING Bank Soft Bullet CB Programme ▪ ING Bank Soft Bullet 2 CB Programme	▪ ING Belgium Residential Mortgage Pandbrieven Programme	▪ ING Australia Covered Bond Programme	▪ ING-DiBa Residential Mortgage Pfandbrief Programme	▪ ING Bank Hipoteczny Covered Bond Programme

Maturity ladder of outstanding Covered Bonds as at 30 June 2021 (in €bln)**



* Externally placed covered bonds
** Maturity ladder as per contractual maturity

We issue green bonds to support meeting our sustainability objectives

ING's Green Bond Programme

- ING's Green Bond Framework is aligned with the ICMA Green Bond Principles and a Second Party Opinion (SPO) has been obtained from ISS-ESG
- ING allocates the net proceeds of the green bonds issued to an Eligible Green Loan Portfolio (EGLP), which includes renewable energy projects and green buildings
- Our total EGLP equals ~€8.5 bln*, with ~€4.9 bln of outstanding green bonds issued under the Debt Issuance Program in senior unsecured format as of 30 June 2021
- We intend to issue Green Bonds on a regular basis going forward

Green Covered Bonds

- As part of our Green Bond Programme, we aim to issue covered bonds in green format to support meeting our sustainability objectives
  - ING Bank Hipoteczny issued a PLN 400 mln Green Covered Bond in 2019 under its Green Bond Framework, which also has an SPO from ISS-ESG
  - Under the ING Green Bond Framework, other ING subsidiaries have the ability and intention to issue Green Covered Bonds

Sustainability Ratings ING Groep N.V.

SUSTAINALYTICS

- Ranked: #1 in our market cap group
- Position: 10th percentile of 374 banks
- Updated: July 2020

MSCI

- Rating: AA
- Updated: December 2020

S&P Global

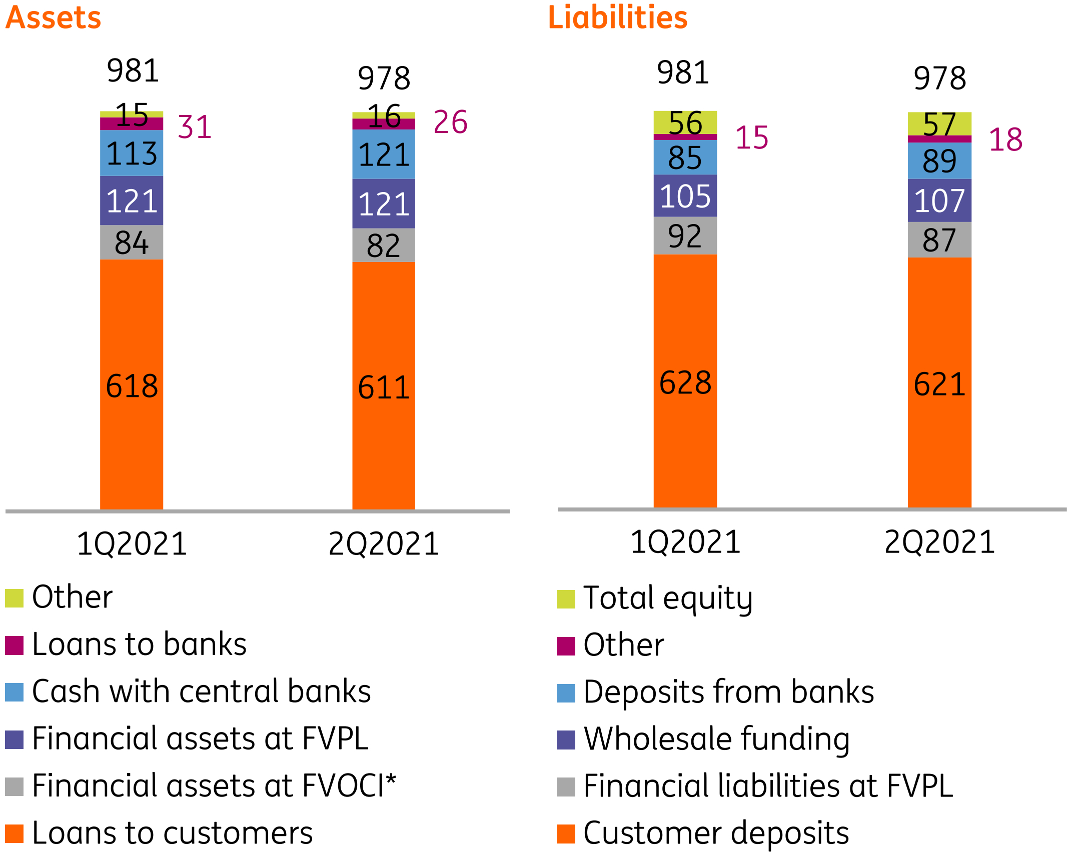
- ESG evaluation: Strong
- Score: 83/100
- Updated: January 2021

* As of latest allocation and impact report (FY2020)
See website for more details: https://www.ing.com/Sustainability.htm

Strong and conservative balance sheet with customer deposits as the primary source of funding

Balance sheet ING Group (in € bln)

- Balance sheet ING Group decreased to €978 bln in 2Q2021



Well-diversified customer loan book

- See "Asset Quality" section of this presentation

Stable funding profile

- Increase in balance sheet mainly due to an increase in the loan portfolio in Wholesale Banking
- 63% of the balance sheet is funded by customer deposits
- 89% of total customer deposits is in Retail Banking
- Well-balanced loan-to-deposit ratio of 98% as per 30 June 2021**

Conservative trading profile

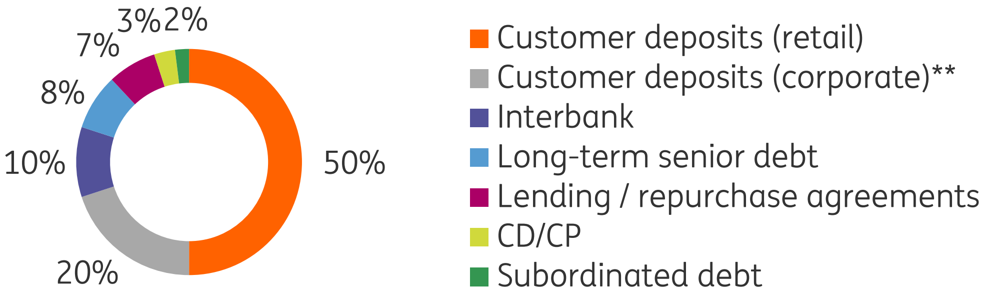
- Majority of our Financial Markets business is customer flow based where we largely hedge our positions, reflected in large, but often offsetting, positions in assets and liabilities at Fair Value
- Average VaR for ING's trading portfolio during 2Q2021 decreased to €7 mln from €21 mln in the previous quarter, mainly due to a further decrease in xVA exposure

* Including securities at amortised cost
** Loan-to-deposit ratio is calculated as customer lending including provisions for loan losses divided by customer deposits

Robust liquidity position with a 12-month moving average LCR of 141%

Funding mix*

30 June 2021



ING maintains a sizeable liquidity buffer

- ING's funding consists mainly of retail deposits, corporate deposits and public debt
- ING's 12-month moving average LCR increased to 141%, reflecting continued customer deposits inflows as well as TLTRO III participation in combination with subdued loan demand in the 12-month measurement period
- Besides the HQLA buffer, ING maintains large pools of ECB-eligible assets, in the form of internal securitisations and credit claims

Liquidity buffer

- Level 1: mainly core European sovereign bonds, SSA and US Treasuries
- Level 1B: core European and Nordic covered bonds
- Level 2A: mainly Canadian covered bonds
- Level 2B: mainly short-dated German Auto ABS

LCR 12-month moving average (in € bln)

	30 June 2021	31 March 2021
Level 1	148.1	145.6
Level 2A	4.6	4.9
Level 2B	4.1	3.5
Total HQLA	**156.9**	**153.9**
Stressed outflow	**194.8**	**194.4**
Stressed inflow	**83.3**	**84.6**
LCR	**141%**	**140%**

* Liabilities excluding trading securities and IFRS equity
** Includes SME / Midcorps from Retail Banking

Strong rating profile at both Group and Bank levels

Main credit ratings of ING instruments as of 5 August 2021

	S&P	Moody's	Fitch
Stand-alone rating	a	baa1	a+
Government support	-	1 notch	-
Junior debt support	1 notch	N/A	-
Moody's LGF support	N/A	3 notches	N/A
ING Bank NV (OpCo)			
Bank senior LT rating	A+	A1	AA-
Outlook	Stable	Stable	Negative
Bank senior ST rating	A-1	P-1	F1+
Tier 2	BBB+	Baa2	A-
ING Groep NV (HoldCo)			
Group senior LT rating	A-	Baa1	A+
Outlook	Stable	Stable	Negative
AT1	BB	Ba1	BBB
Tier 2	BBB	Baa2	A-

Latest rating actions on ING Group and Bank stand-alone

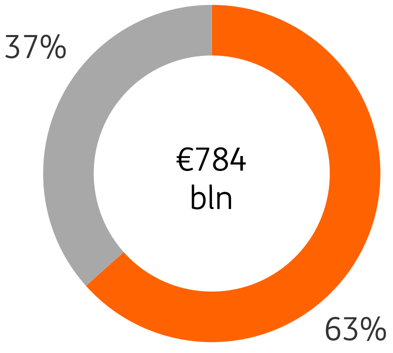
- Fitch: ING Bank was upgraded to AA- in February 2019. In October 2020, Fitch affirmed ING Group's and ING Bank's ratings and assigned negative outlooks to both long-term IDRs. The affirmation and removal from Rating Watch Negative reflect Fitch's view that ING's ratings have sufficient headroom to absorb pressure on asset quality, earnings and capitalisation, which is expected under their baseline scenario
- Moody's: ING Bank was upgraded to Aa3 from A1 with a stable outlook in September 2017. Both ING Group's and ING Bank's ratings and outlooks were affirmed in October 2020, reflecting Moody's view that ING's solvency and liquidity are robust and will remain resilient over the outlook horizon, despite a likely deterioration in asset quality and profitability due to the Covid-19 pandemic
- S&P: ING Bank was upgraded to A+ in July 2017, reflecting the expectation that ING will build a sizable buffer of bail-in-able debt, while maintaining strong capital adequacy metrics thanks to resilient financial performance, supportive internal capital generation, and a broadly similar risk profile. In June 2021, S&P changed ING Group's outlook from negative to stable, as a result of the improved economic outlook and the impact of the outlook on the BICRA for Dutch banks

Asset quality

Well-diversified lending credit outstandings by activity

ING Group*

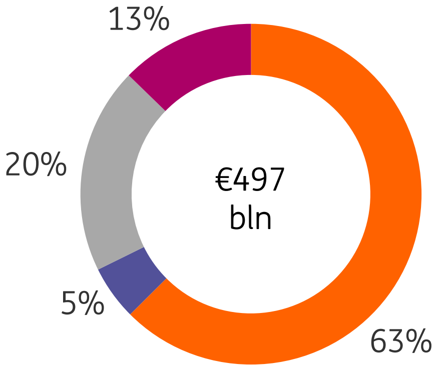
2Q2021



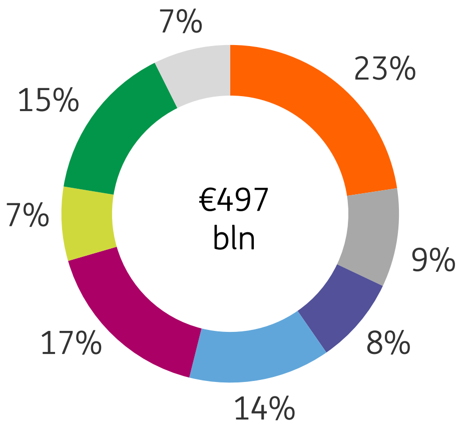
- Retail Banking
- Wholesale Banking

Retail Banking*

2Q2021



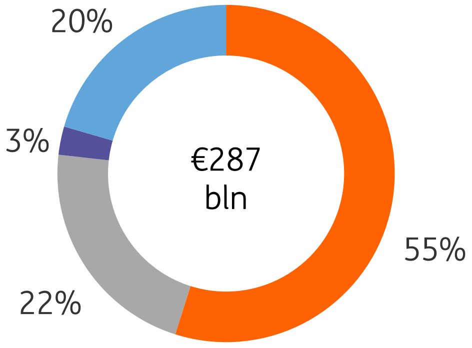
- Residential mortgages
- Consumer Lending
- Business Lending
- Other Lending**



- 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*

2Q2021

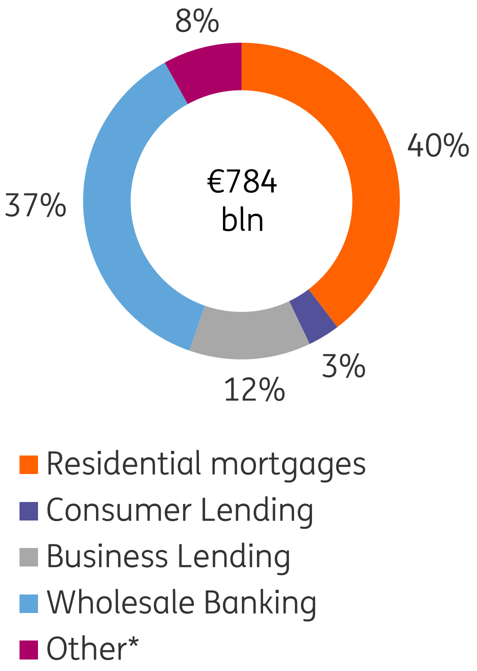


- Lending
- Daily Banking & Trade Finance
- Financial Markets
- Treasury & Other

- ING has a well-diversified and well-collateralised loan book with a strong focus on own-originated mortgages and senior loans

* 30 June 2021 lending and money market credit outstandings, including guarantees and letters of credit, but excluding undrawn committed exposures (off-balance sheet positions)
** Other includes €52 bln Retail-related Treasury lending and €11 bln Other Retail Lending

Our lending book is senior and well-collateralised



Residential Mortgages
€311 bln

- Average LTV of 57% with low Stage 3 ratio at 1.2%
- Risk metrics remained strong, also supported by government schemes

Consumer Lending
€26 bln

- Relatively small book, risk metrics slightly deteriorated

Business Lending
€97 bln

- Limited exposure to sectors most at risk:
  - Agriculture: €5.6 bln (0.7% of loan book), Stage 3 ratio at 5.9%
  - Non-food Retail: €3.0 bln (0.4% of loan book), Stage 3 ratio at 3.9%
  - Hospitality + Leisure: €3.9 bln (0.5% of loan book), Stage 3 ratio at 6.4%

Wholesale Banking
€287 bln

- Limited exposure to sectors most at risk:
  - Leveraged Finance: €7.7 bln (capped at €10.1 bln), well-diversified over sectors
  - Oil & Gas: €16.2 bln of which €3.3 bln with direct exposure to oil price risk (0.4% of loan book; Reserve Based Lending (€2.4 bln) and Offshore business (€0.8 bln)), Stage 3 at 6.1%
  - Aviation: €4.1 bln (0.5% of loan book), Stage 3% at 1.9%
  - Hospitality + Leisure: €1.5 bln (0.2% of loan book), Stage 3% at 9.1%

Commercial Real Estate (RB + WB)

- Total €48.6 bln (6.2% of loan book), booked in RB and WB
- Well-diversified capped loan book
- LtV at 49.7% and low Stage 3% at 1.4%

* Other includes €52 bln Retail-related Treasury lending and €11 bln Other Retail Lending

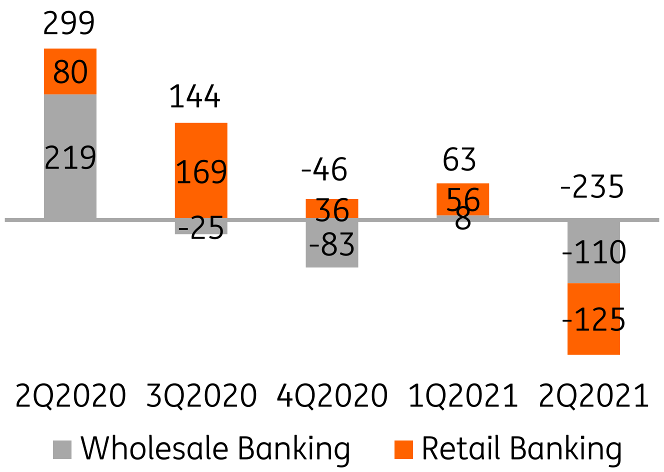
Provisioning per Stage

Stage 1 provisioning (in € mln)

Main drivers 2Q2021

- Releases triggered by an update of macro-economic indicators, partly offset by a management overlay reflecting a delay in expected credit losses

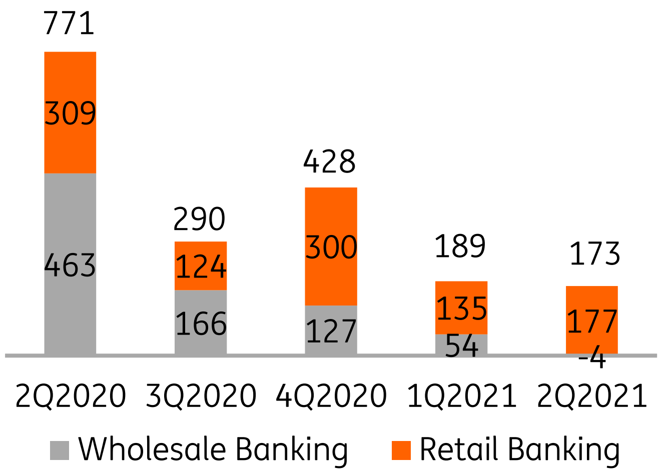
Stage 2 provisioning (in € mln)



Main drivers 2Q2021

- Releases triggered by an update of macro-economic indicators, partly offset by a management overlay reflecting a delay in expected credit losses

Stage 3 provisioning (in € mln)



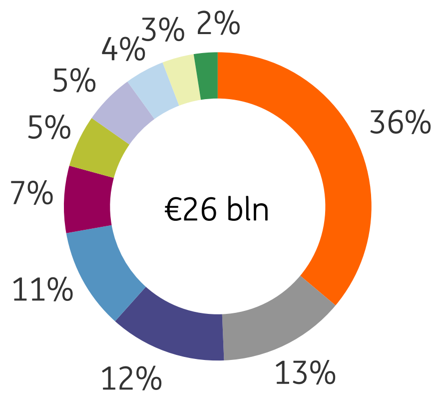
Main drivers 2Q2021

- Collective provisioning in Retail Belgium related to model updates
- Additions to collective provisions in Retail

Retail Consumer Lending and Business Lending

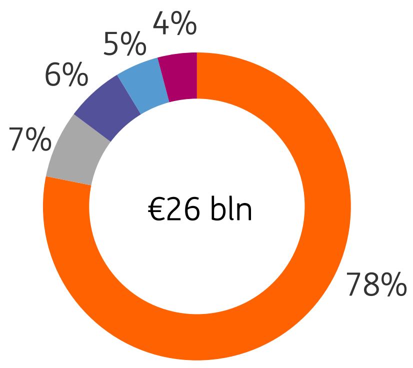
Consumer Lending – 2Q2021 Lending Credit Outstandings

By geography



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

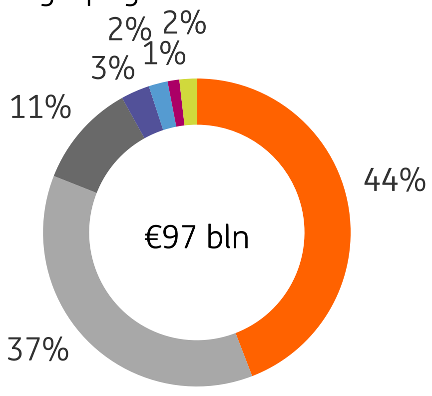
By product



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

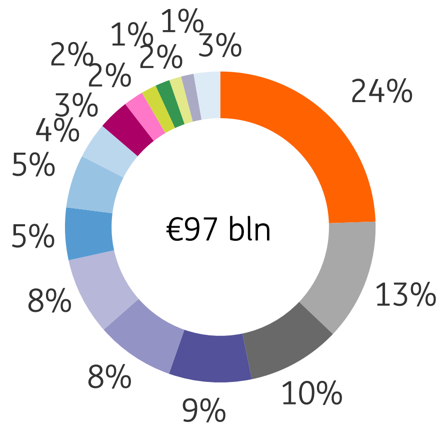
Business Lending – 2Q2021 Lending Credit Outstandings

By geography



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

By sector

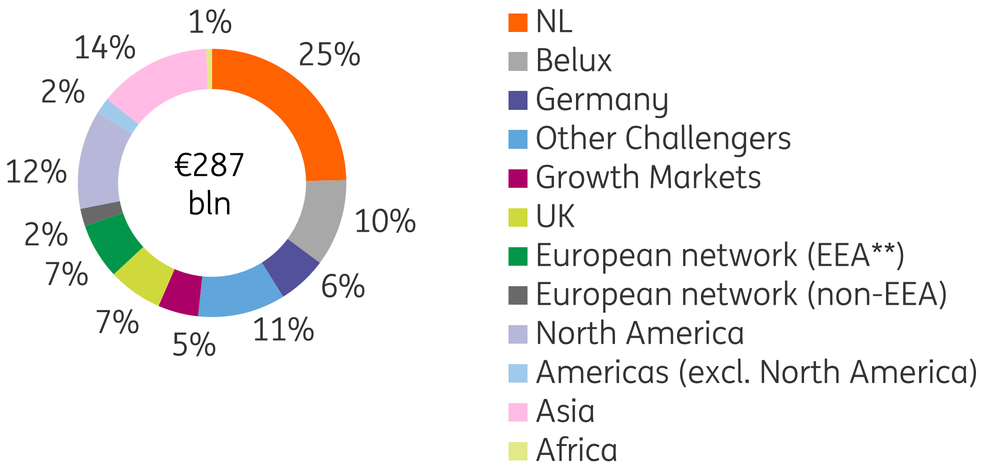


- Real Estate
- Services
- Food, Beverages & Personal Care
- Builders & Contractors
- General Industries
- Chemicals, Health & Pharmaceuticals
- Transportation & Logistics
- Lower Public Administration
- Retail
- Automotive
- Natural Resources
- Central Governments
- Utilities
- Media
- Non-Bank Financial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

Wholesale Banking lending

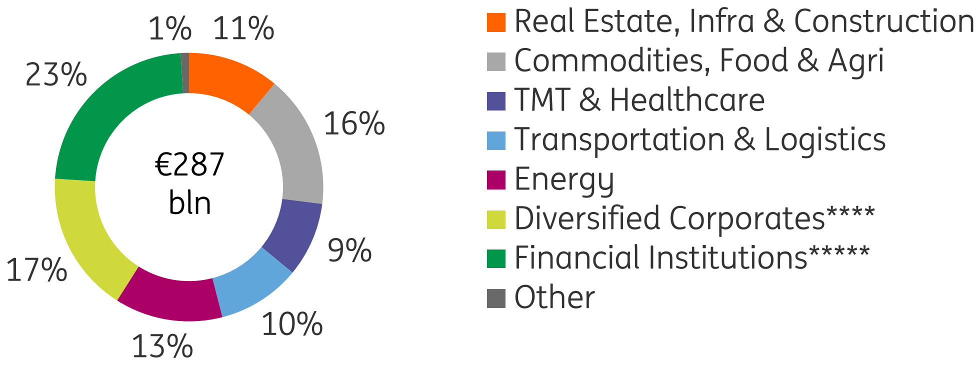
Loan portfolio is well diversified across geographies...

Lending Credit O/S Wholesale Banking (2Q2021)*

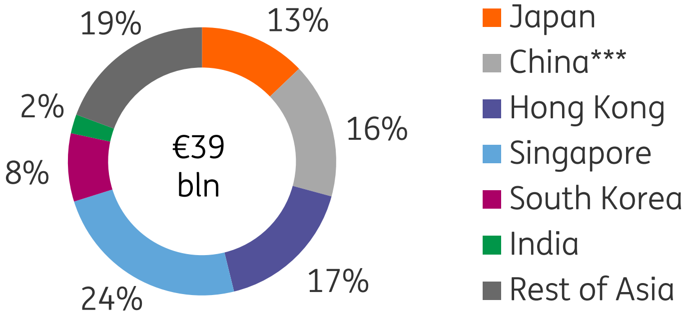


...and sectors

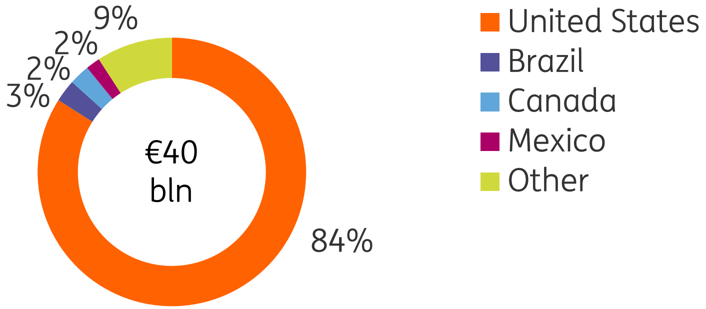
Lending Credit O/S Wholesale Banking (2Q2021)*



Lending Credit O/S Wholesale Banking Asia (2Q2021)*



Lending Credit O/S Wholesale Banking Americas (2Q2021)*



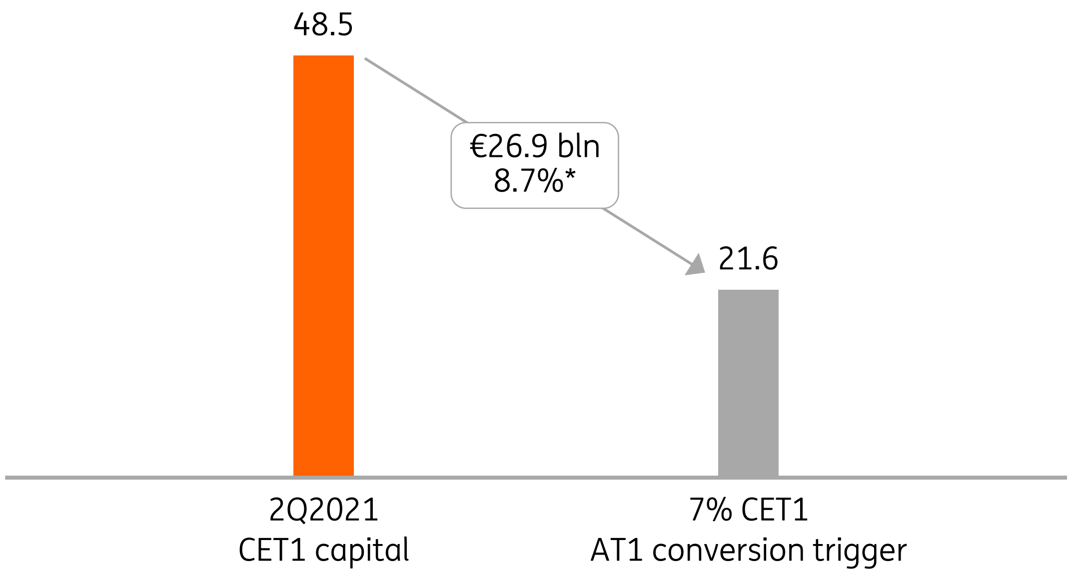
* Data is based on country/region of residence; Lending and money market credit O/S, including guarantees and letters of credit but excluding undrawn committed exposures (off-balance sheet positions); ** Member countries of the European Economic Area (EEA); *** Excluding our stake in Bank of Beijing (€1.7 bln at 30 June 2021); **** Large corporate clients active across multiple sectors; ***** Including Financial sponsors

Appendix

Comfortable buffer to Additional Tier 1 trigger

Buffer to AT1 trigger (in € bln)

30 June 2021



ING Group available distributable items (in € mln)**

	2020
Share premium	17,089
Other reserves	32,784
Legal and statutory reserves	2,334
Non-distributable	-9,831
Total	**42,376**
Accrued interest expenses on own fund instruments at year-end	145
Distributable items excluding result for the year	**42,520**
Unappropriated result for the year	2,391
Total available distributable items	**44,911**

- ING Group capital buffer to conversion trigger (7% CET1) is high at €26.9 bln, or 8.7% of RWA
- This excludes €4,031 mln of net profits that we set aside for distribution to shareholders
- AT1 discretionary distributions may only be paid out of distributable items
- As per year-end 2020, ING Group had ~€44.9 bln of available distributable items following the CRR / CRD IV definition

* Difference between 15.7% ING Group CET1 ratio in 2Q2021 and 7% CET1 equity conversion trigger
** According to the CRR/CRD IV

Outstanding benchmark capital securities

(Additional) Tier 1 securities issued by Group

Currency	Issue date	First call date	Coupon	Outstanding (€mln)**	Issued (€mln)	Reset spread
USD	Feb-20	May-29	4.875%	750	750	UST + 351bps
USD*	Sep-19	Nov-26	5.750%	1,500	1,500	UST + 434bps
USD	Feb-19	Apr-24	6.750%	1,250	1,250	USSW + 420bps
USD	Nov-16	Apr-22	6.875%	1,000	1,000	USSW + 512bps
USD*	Apr-15	Apr-25	6.500%	1,250	1,250	USSW + 445bps
EUR***	Jun-04	Jun-14	10yr DSL +10	563	1,000	10yr DSL +10
EUR***	Jun-03	Jun-13	10yr DSL +50	432	750	10yr DSL +50

Tier 2 securities issued by Group

Currency	Issue date	First call date	Coupon	Outstanding (€mln)**	Maturity
EUR	June-21	June-27	0.875%	500	June-32
EUR	May-20	Feb-26	2.125%	1,500	May-31
EUR	Nov-19	Nov-25	1.00%	1,000	Nov-30
USD	Mar-18	Mar-23	4.70%	1,250	Mar-28
EUR	Mar-18	Mar-25	2.00%	750	Mar-30
EUR	Sep-17	Sep-24	1,625%	1,000	Sep-29
EUR	Feb-17	Feb-24	2.50%	750	Feb-29
EUR	Apr-16	Apr-23	3.00%	1,000	Apr-28

Tier 2 securities issued by Bank

Currency	Issue date	First call date	Coupon	Outstanding (€mln)**	Maturity
USD	Sep-13	n/a	5.80%	811	Sep-23

* SEC registered
** Amount outstanding in original currency
*** Grandfathered instruments
Green bond

Most recent HoldCo Senior transactions

HoldCo Senior Unsecured, EUR issuances

ISIN	Issue date	First call date	Maturity	Tenor	Coupon	Currency	Issued (€mln)	Spread
XS2281155254	Jan-21	Feb-29	Feb-30	9NC8	0.25%	EUR	1,500	m/s + 70
XS2258452478	Nov-20	Nov-28	Feb-29	8NC7	0.25%	EUR	1,250	m/s + 68
XS2049154078	Sep-19	Sep-24	Sep-25	6NC5	0.10%	EUR	1,000	m/s + 60
XS1933820372	Jan-19	n/a	Jan-26	7yr	2.13%	EUR	1,000	m/s + 170
XS1909186451 (Green bond)	Nov-18	n/a	Nov-30	12yr	2.50%	EUR	1,500	m/s + 135
XS1882544973	Sep-18	n/a	Sep-28	10yr	2.00%	EUR	1,500	m/s + 110
XS1882544205	Sep-18	n/a	Sep-23	5yr	3mE + 85	EUR	1,000	3mE + 85

HoldCo Senior Unsecured, USD issuances*

ISIN	Issue date	First call date	Maturity	Tenor	Coupon	Currency	Issued (€mln)	Spread
US456837AV55	Apr-21	Apr-26	Apr-27	6NC5	1.73%	USD	1,100	T + 92
US456837AX12	Apr-21	Apr-26	Apr-27	6NC5	SOFR+101	USD	400	SOFR + 101
US456837AW39	Apr-21	Apr-31	Apr-32	11NC10	2.73%	USD	750	T + 112
US456837AU72 (RegS/144a) (Green bond)	Jul-20	Jul-25	Jul-26	6NC5	1.40%	USD	1,000	T + 110
US456837AP87	Apr-19	n/a	Apr-24	5yr	3.55%	USD	1,000	T + 130
US456837AQ60	Apr-19	n/a	Apr-29	10yr	4.05%	USD	1,000	T + 158
US45685NAA46 (RegS/144a) (Green bond)	Nov-18	n/a	Jan-26	7yr	4.63%	USD	1,250	T + 150

HoldCo Senior Unsecured, JPY, GBP issuances

ISIN	Issue date	First call date	Maturity	Tenor	Coupon	Currency	Issued (€mln)	Spread
XS2305598216 (Green bond)	Feb-21	Dec-27	Dec-28	8NC7	1.13%	GBP	800	G + 95
JP552843BKE8	Feb-19	n/a	Feb-29	10yr	1.07%	JPY	21,100	YSO + 88
JP552843AKE0	Feb-19	n/a	Feb-24	5yr	0.81%	JPY	88,900	YSO + 77
XS1953146245	Feb-19	n/a	Feb-26	7yr	3.00%	GBP	1,000	G + 210
JP552843AJQ6	Dec-18	n/a	Dec-23	5yr	0.85%	JPY	107,500	YSO + 75
JP552843BJQ4	Dec-18	n/a	Dec-28	10yr	1.17%	JPY	19,200	YSO + 90

ING has a limited outstanding of public securities and private placements referring to IBOR with a maturity date beyond the respective IBOR cessation date. The majority of the documentation pertaining to these instruments contain appropriate discontinuation language. Discontinuation language refers to the appointment of an Independent Advisor to determine an appropriate Successor Rate, failing which an Alternative Rate, and in either case, an Adjustment Spread (if any) and any Benchmark Amendments.
For more information: see the paragraph titled "Benchmark Discontinuation" on page 74 of the Debt Issuance Programme dated 26 March 2021.

* HoldCo USD issues are SEC registered unless mentioned otherwise
Green bond

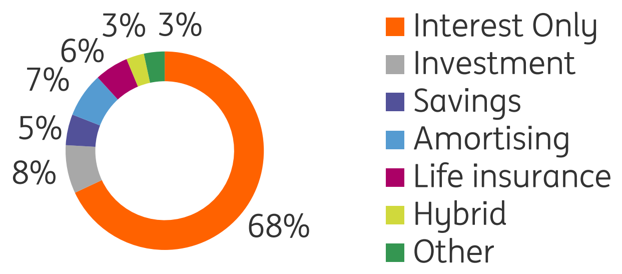
ING Bank's covered bond programme…

- ING Bank NV €30 bln Hard and Soft Bullet Covered Bonds programme
  - UCITS, CRR and ECBC Label compliant. Rated Aaa/AAA/AAA (Moody's/S&P/Fitch)
  - This programme is used for external issuance purposes. There is a separate €15 bln Soft Bullet Covered Bonds programme for internal transactions only and it is not detailed on this slide
  - Cover pool consists of 100% prime Dutch residential mortgage loans, all owner-occupied and in euro only. As per 30 June 2021, no arrears > 90 days in the cover pool
  - Strong Dutch legislation with minimum legally required over collateralisation (OC) of 5% and LTV cut-off rate of 80%
- Latest investor reports are available on www.ing.com/ir

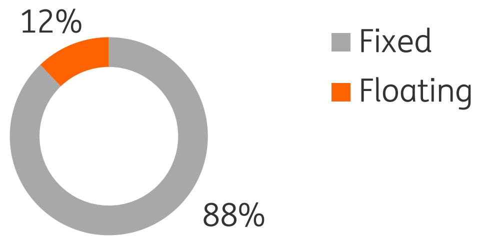
Portfolio characteristics*

Net principal balance	€19,991 mln
Outstanding bonds	€16,589 mln
# of loans	121,857
Avg. principal balance (per borrower)	€164,055
WA current interest rate	2.41%
WA remaining maturity	15.37 years
WA remaining time to interest reset	5.92 years
WA seasoning	14.46 years
WA current indexed LTV	53.64%
Min. documented OC	2.50%
Nominal OC	20.51%

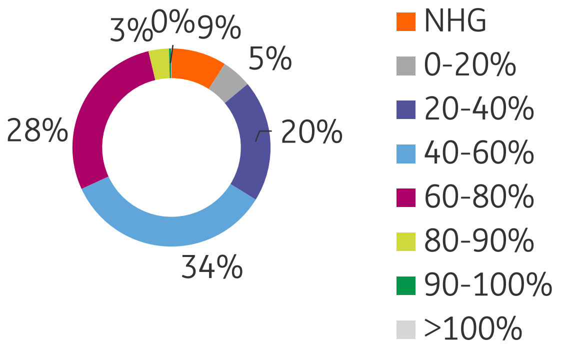
Redemption type*



Interest rate type*



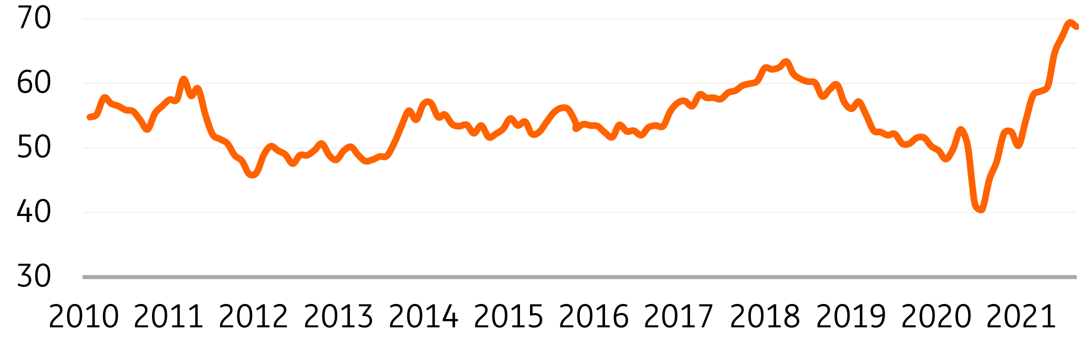
Current Indexed LTVs*



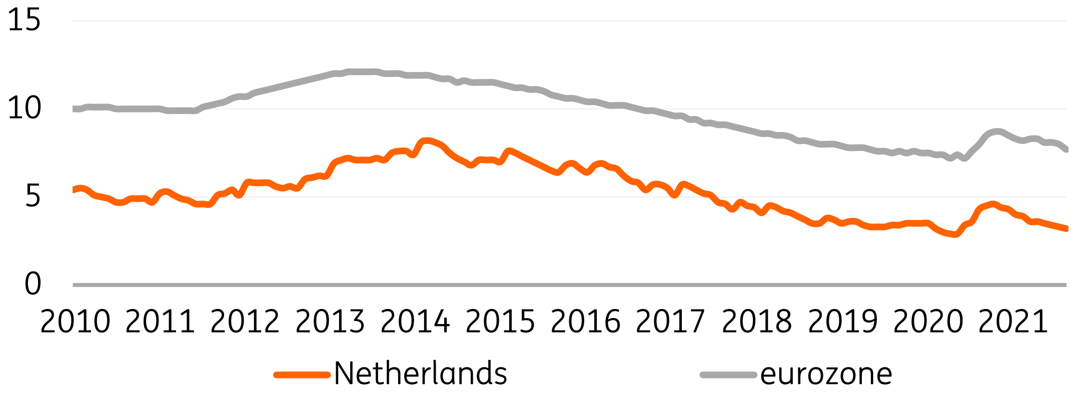
* As per 30 June 2021

...benefits from a continued strong Dutch housing market, which seems unaffected by the economic uncertainty in the last year

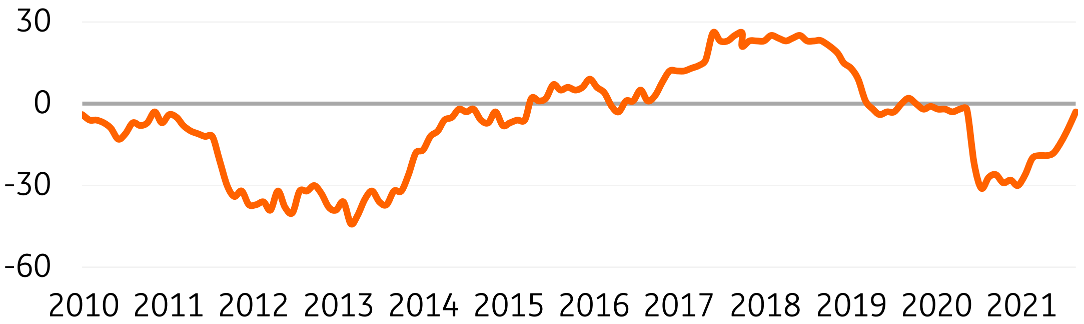
In May 2021, the Dutch Purchasing Managers Index (PMI) increased to the highest level in the last 10 years



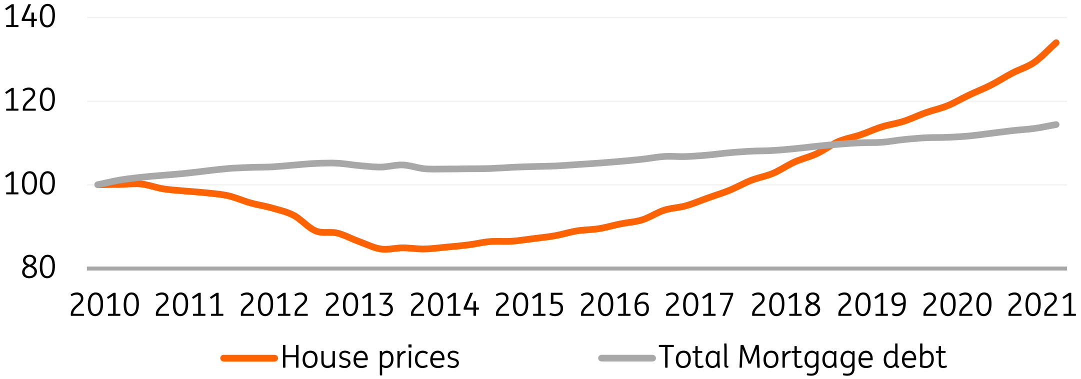
Dutch unemployment rates (%) decreased since August 2020



Dutch consumer confidence increased significantly since 4Q2020



Dutch house price increases in the last six years are not credit driven*



Source: Central Bureau for Statistics for all data except for the Dutch PMI (IHS Markit) and eurozone unemployment (Eurostat)
* Reflects latest available data as of 1Q2021

Volatile items 2Q2021

Volatile items and regulatory costs (in € mln)

	2Q2020	3Q2020	4Q2020	1Q2021	2Q2021
WB/FM – valuation adjustments	87	91	-13	11	11
Capital gains/losses	15	6	3	36	-2
Hedge ineffectiveness	40	43	-59	23	11
Other items income*	40	-230	0	233	155
Total volatile items – income	**182**	**-90**	**-69**	**303**	**155**
Incidental items - expenses**	-310	-140	-223	-84	-39
Total volatile items	**-128**	**-230**	**-292**	**219**	**136**
Regulatory costs	-137	-111	-331	-587	-172

* Other items income in 2Q2020 consists of €40 mln of positive MtM adjustments in WB/Lending; 3Q2020 consists of €-230 mln of impairments on ING's equity stake in TMB; 1Q2021 consists of €233 mln TLTRO III benefit; 2Q2021 consists of €83 mln TLTRO benefit and a €72 million receivable due to a better than expected recovery of the insolvency of a financial institution in the Netherlands

** Incidental items expenses in 2Q2020 consists of €-310 mln of goodwill impairments in mainly WB and RB Belgium; 3Q2020 consists of €-140 mln of impairments on capitalised cost of software related to project Maggie (both in RB OC&GM); 4Q2020 consists of €-223 mln of incidental costs due to restructuring provisions and impairments as well as a provision for customer claims in the Netherlands; 1Q2021 consists of €-84 mln of redundancy and restructuring costs following the announced restructuring of the branch network and the retail advice organisation in the Netherlands and the announcement to leave the Czech retail market; 2Q2021 consists of €39 mln of redundancy provisions and impairments

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 2020 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 and customer behaviour, 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) political instability and fiscal uncertainty in Europe and the United States (7) discontinuation of or changes in 'benchmark' indices (8) inflation and deflation in our principal markets (9) changes in conditions in the credit and capital markets generally, including changes in borrower and counterparty creditworthiness (10) failures of banks falling under the scope of state compensation schemes (11) non-compliance with or changes in laws and regulations, including those concerning financial services, financial economic crimes and tax laws, and the interpretation and application thereof (12) geopolitical risks, political instabilities and policies and actions of governmental and regulatory authorities (13) legal and regulatory risks in certain countries with less developed legal and regulatory frameworks (14) prudential supervision and regulations, including in relation to stress tests and regulatory restrictions on dividends and distributions, (also among members of the group) (15) regulatory consequences of the United Kingdom's withdrawal from the European Union, including authorizations and equivalence decisions (16) ING's ability to meet minimum capital and other prudential regulatory requirements (17) changes in regulation of US commodities and derivatives businesses of ING and its customers (18) application of bank recovery and resolution regimes, including write-down and conversion powers in relation to our securities (19) outcome of current and future litigation, enforcement proceedings, investigations or other regulatory actions, including claims by customers who feel mislead and other conduct issues (20) changes in tax laws and regulations and risks of non-compliance or investigation in connection with tax laws, including FATCA (21) 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 (22) risks and challenges related to cybercrime including the effects of cyber-attacks and changes in legislation and regulation related to cybersecurity and data privacy (23) changes in general competitive factors, including ability to increase or maintain market share (24) the inability to protect our intellectual property and infringement claims by third parties (25) inability of counterparties to meet financial obligations or ability to enforce rights against such counterparties (26) changes in credit ratings (27) business, operational, regulatory, reputation and other risks and challenges in connection with climate change (28) inability to attract and retain key personnel (29) future liabilities under defined benefit retirement plans (30) failure to manage business risks, including in connection with use of models, use of derivatives, or maintaining appropriate policies and guidelines (31) 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, and (32) 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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