

ING Investment Case

ING Investor Relations

July 2021



do your thing

Key messages

- 1 We are well positioned to benefit from various growth drivers
- 2 We have a future proof business through our market-leading digital capabilities and our long-term focus on ESG
- 3 We have delivered strong through the cycle growth and stable bottom line results
- 4 Our strategy makes us well positioned to achieve our ambitions and to provide attractive returns to shareholders

Growth drivers for ING

ING is well positioned to benefit from various growth drivers

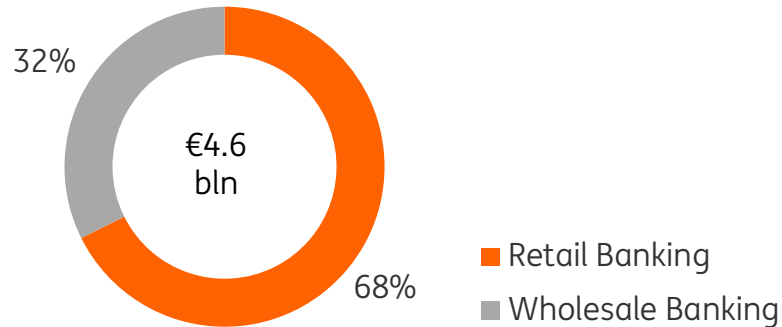
ING can benefit from various growth drivers to face the challenges confronting the banking sector

- Highly diversified business positions us well to benefit from loan demand globally
- Leading digital capabilities and IT infrastructure enable us to decrease marginal costs for growth
- Long-term focus on ESG allows us to capture opportunities from the transition to a more sustainable economy
- Current competitive positioning supports our ambition to grow fee income by 5-10% per annum
- Structural excess capital will be distributed to shareholders to achieve our CET1 ratio ambition

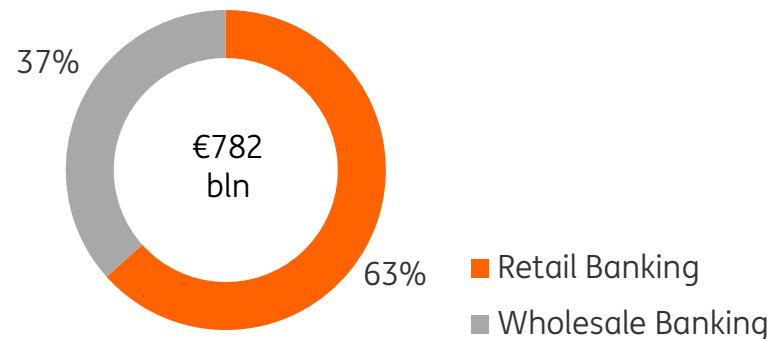
Future proof business through our market-leading digital capabilities and our long-term focus on ESG

Widely-spread Retail Banking business

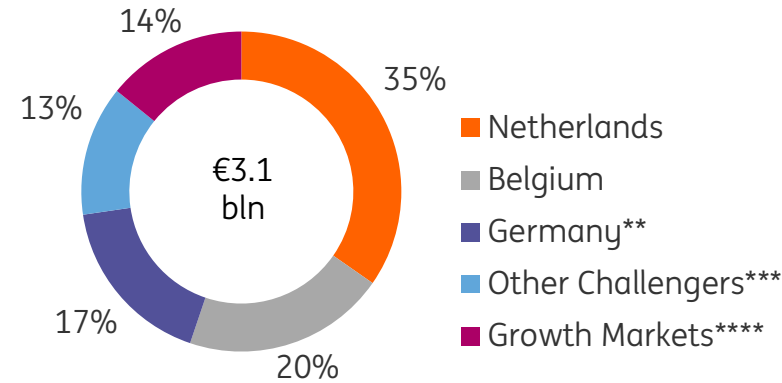
Total income by business line* (1Q2021)



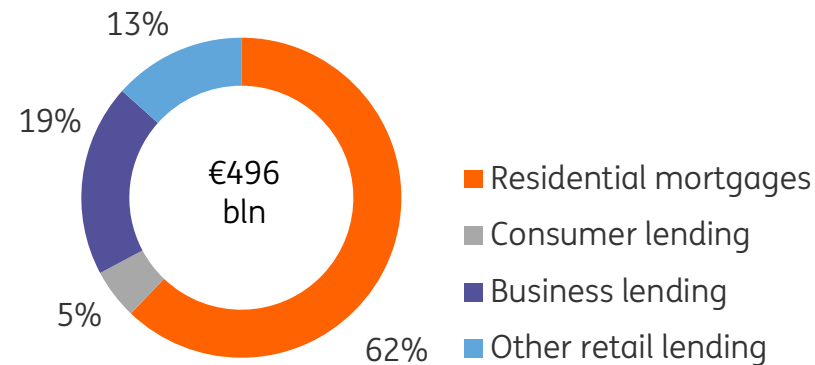
Loan portfolio by business line (1Q2021)



Retail Banking income by geography (1Q2021)



Retail Banking loan portfolio by activity (1Q2021)



- We have a widely-spread Retail Banking business, active in markets where we can achieve the right scale and profitability in line with our financial ambitions
- Focus on well-developed countries in Europe with selected exposure to growth markets in CEE and Asia Pacific
- Focus on earning the primary relationship, using technology to offer an 'easy' and differentiating customer experience
- #1 NPS score in 7 out of 14 retail markets**

* Excluding Other (€75 mln)

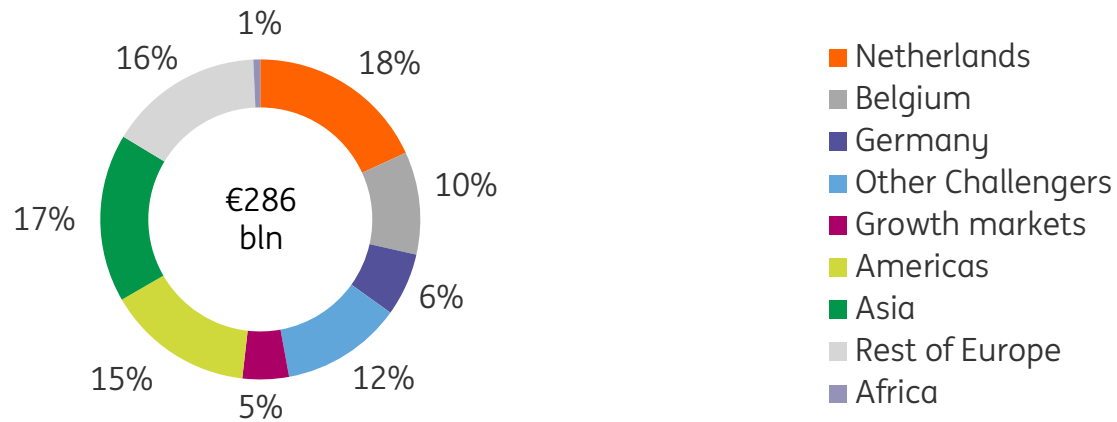
** Including Austria (exit has been announced)

*** Australia, Czech Republic (exit has been announced), France, Italy, Spain

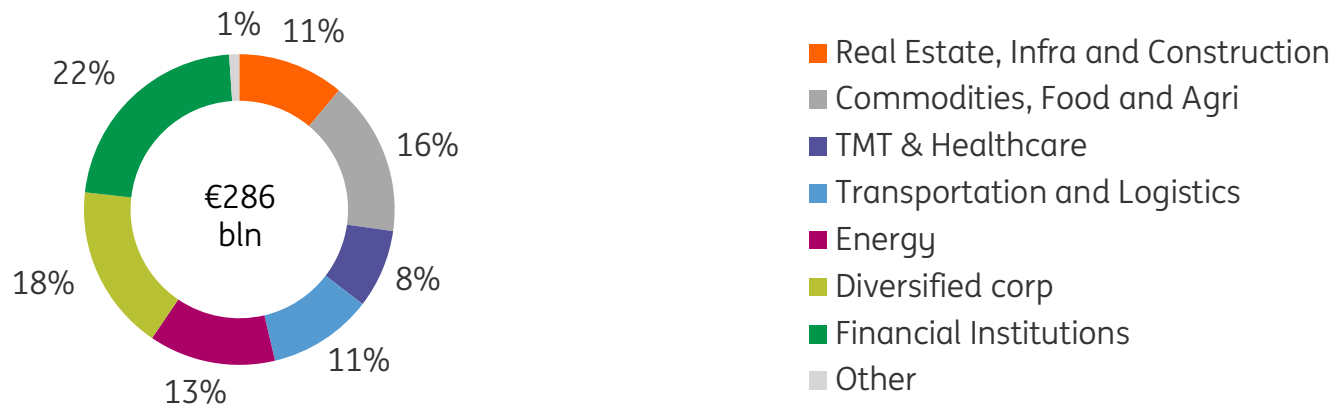
**** Philippines, Poland, Romania, Turkey

Well-diversified Wholesale Banking franchise

Wholesale Banking loan portfolio by geography (1Q2021)



Wholesale Banking loan portfolio by sector (1Q2021)

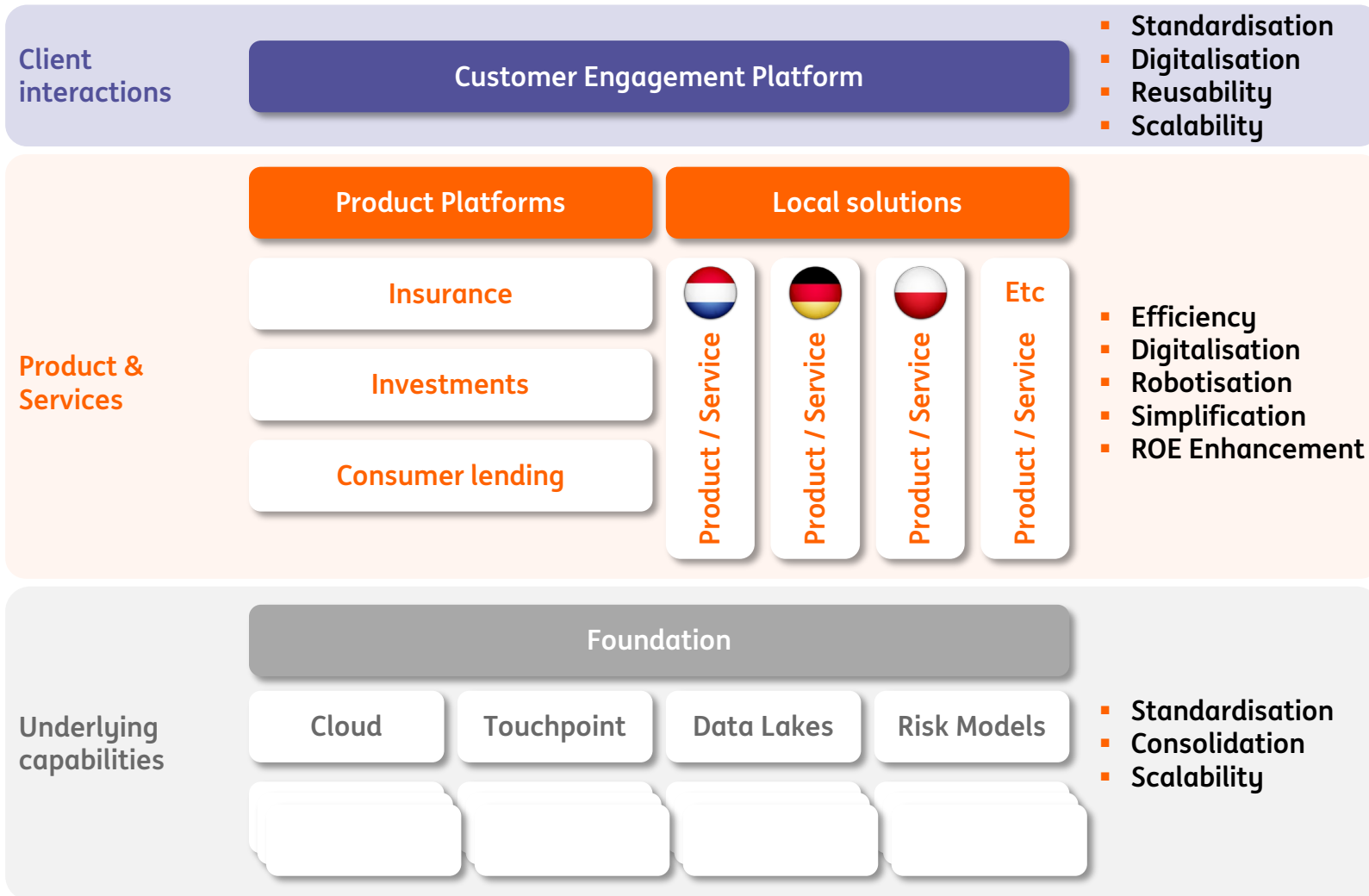


- Geographically well-diversified loan portfolio, limiting concentration risk and allowing us to benefit from pockets of profitable growth globally
- Lending book is also well diversified by sector and well collateralised, with ~65% of the outstandings fully or partially covered*
- ~55% of lending credit outstandings is Investment Grade
- Focus on senior loans (~100%) in sectors where we have strong relationships and underwriting experience

* Including Investment and Money Market

Market leading digital capabilities

IT infrastructure model



- Pioneer in direct banking model with launch of ING Direct ~25 years ago. Digital banking, innovation and transformation are in our DNA
- Our apps rank amongst the highest in the banking sector (e.g. 4.9 stars in Poland, 4.6 stars in Germany)
- We continue our transformation to a dynamic, data-driven digital leader
- Our Touch Point technology platform enables the shift from local to scalable business propositions, from which we will benefit through shorter time to market and shorter time to volume

Strong ESG profile

ING's ESG approach is highly regarded by investors, analysts and rating agencies



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



- Rating: AA (December 2020)



- ESG evaluation: Strong
- Score 83/100 (January 2021)

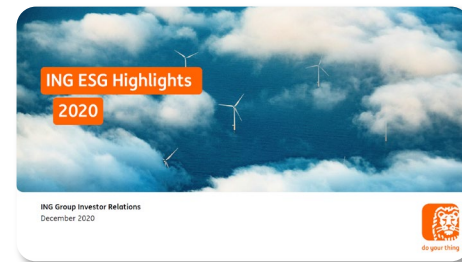
Dedicated and transparent ESG reporting



Terra progress report



Climate risk report



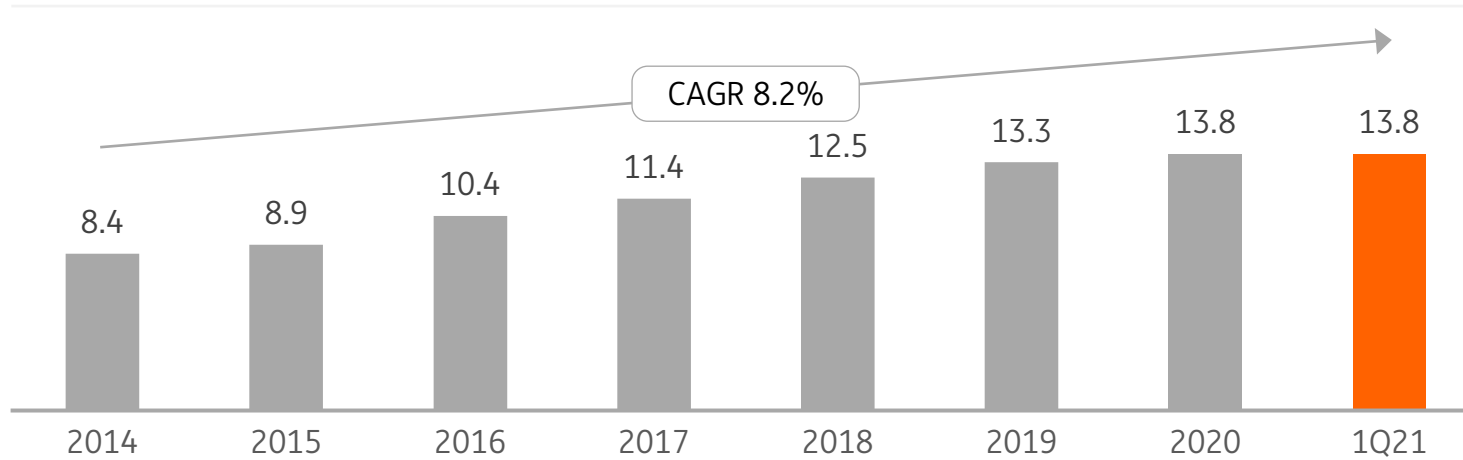
ESG highlights

- Sustainability is inherent to our purpose of empowering people to stay a step ahead in life and in business
- Our long-term ESG focus supports a future proof ING and drives long-term value creation, through a:
 - Focused approach to the environmental and social transition, enabling us to capture opportunities and manage related risks
 - Diverse and inclusive work environment, making us more adaptive and inventive and enabling us to better serve our diverse customer base
 - Strong governance structure, driving the right behaviour and protecting our employees, customers and society

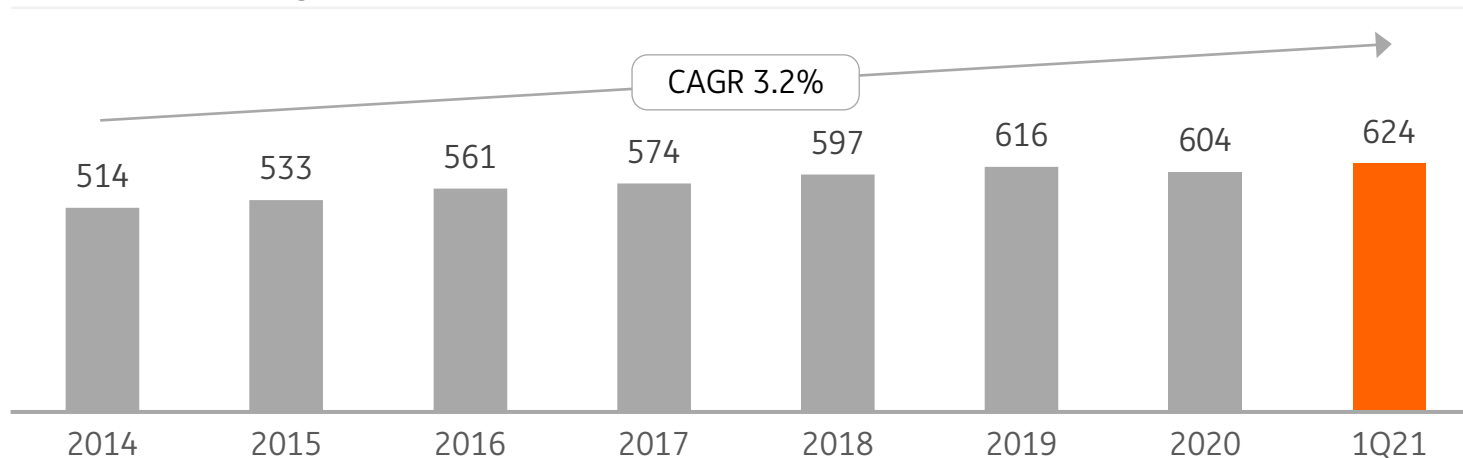
Strong through the cycle growth and stable bottom line results

Strong through-the-cycle growth

Primary customers (in # mln)



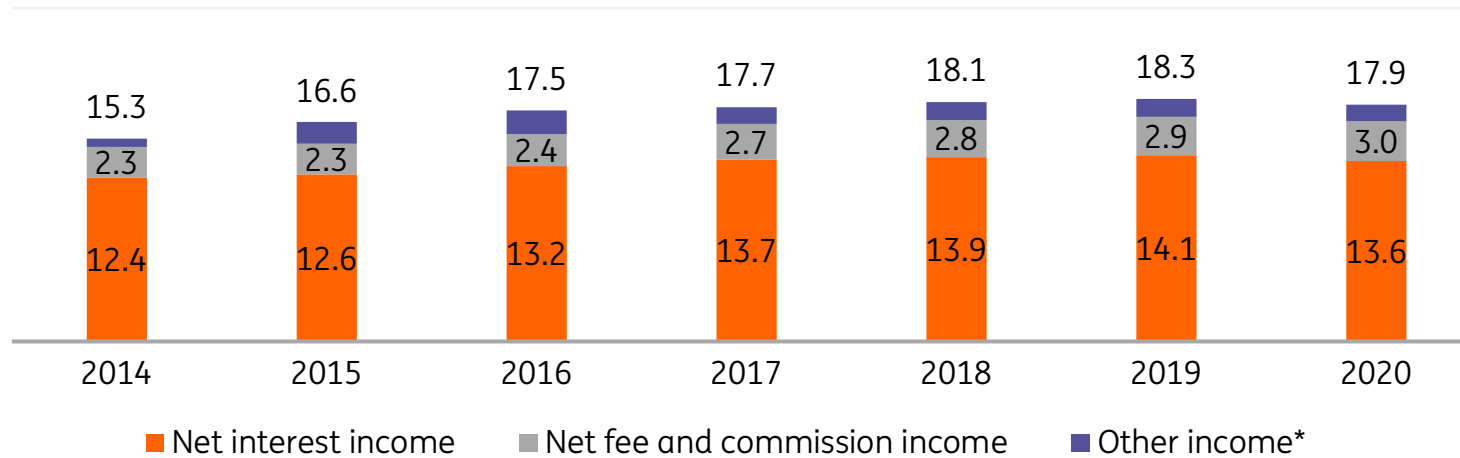
Customer lending (in € bln)



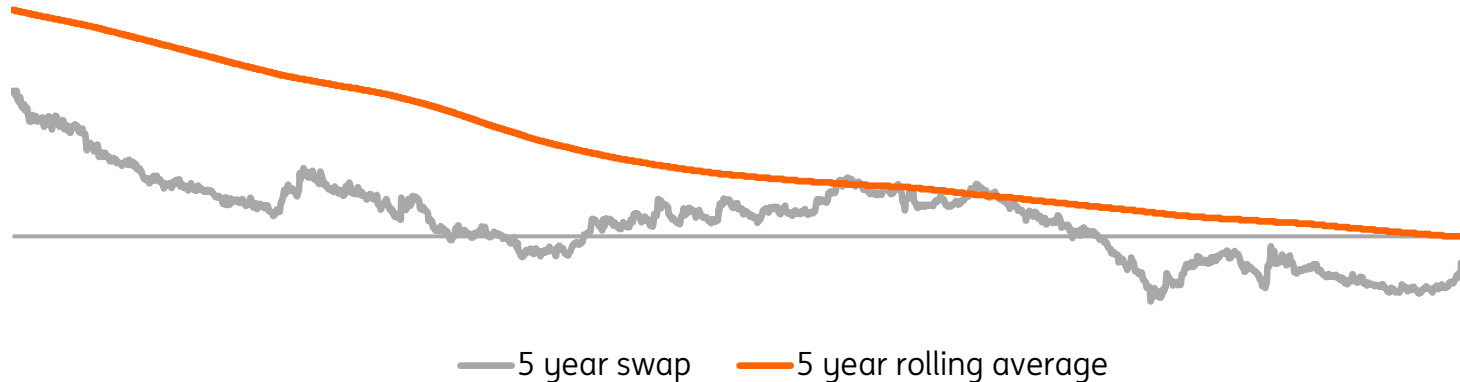
- Our digital strategy and capabilities have resulted in a growing number of more loyal and profitable primary customers
 - Share of primary customers grew from 25% in 2014 to 35% in 1Q2021
 - Primary customers buy 2x more products and are 3x more profitable
- Customer lending grew with a CAGR of 3.2% since 2014, highlighting our ability to benefit from loan demand globally

Resilient total income despite pressure from negative interest rates

Development of income (€ bln)



Development of 5 year swap rate (%)

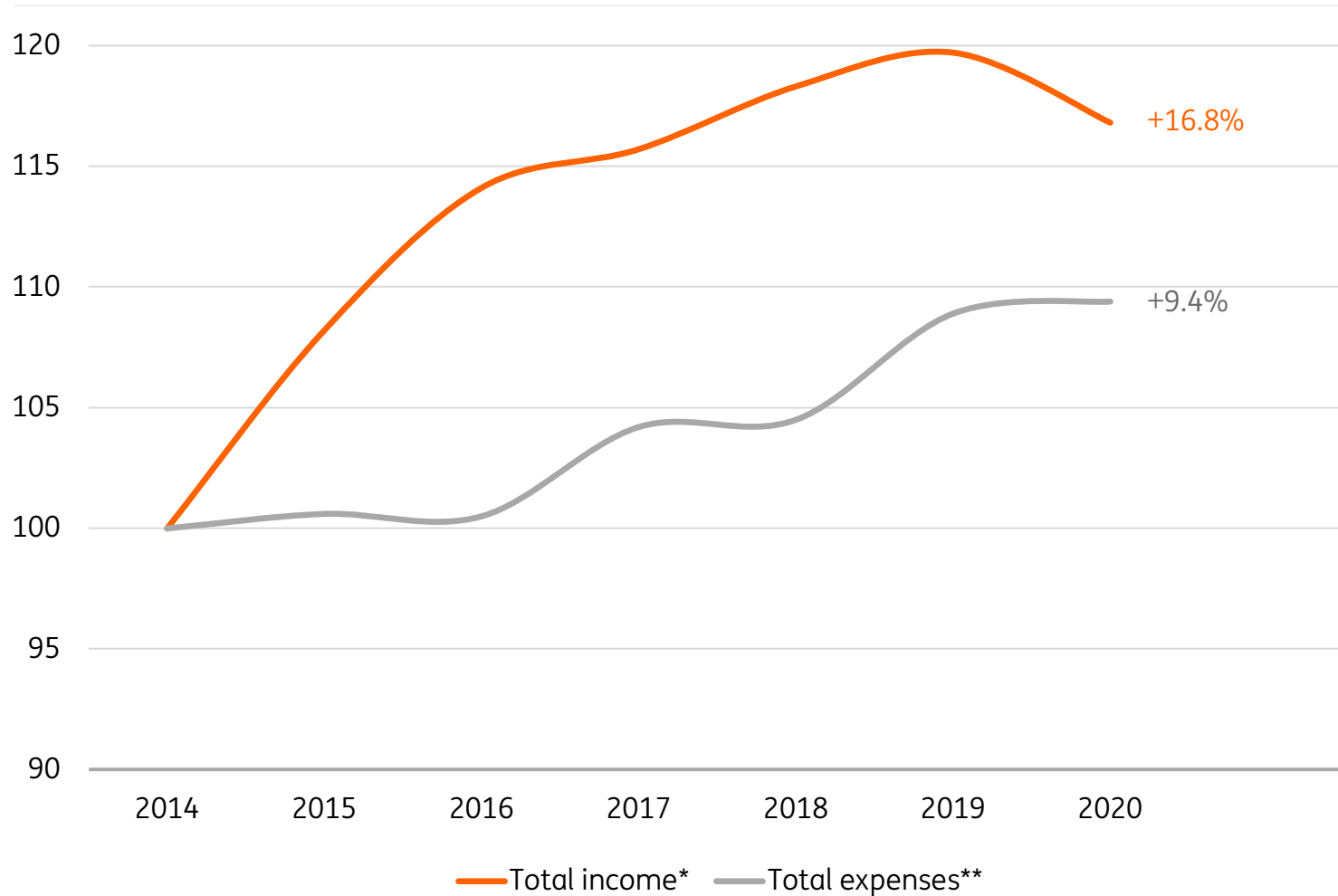


- Resilient total income, driven by the increased diversification of our income and the effectiveness of our levers to compensate for the negative interest rates
- NII grew with a CAGR of 1.6% since 2014, despite a decrease in the 5yr rolling average of the 5yr swap rate from 2.0% to -0.0%
- Fee and commission income growing at a CAGR of 4.7% since 2014, with a ~5% growth in 2020 despite Covid-19 related pressure
- Ambition to grow fee and commission income with 5-10% per annum to represent ~20% of total income

* 2020 excludes €230 mln impairment on ING's equity stake in TMB
Source: Bloomberg

Cost-efficient franchise, although (regulatory) challenges remain

Development of total income relative to total expenses



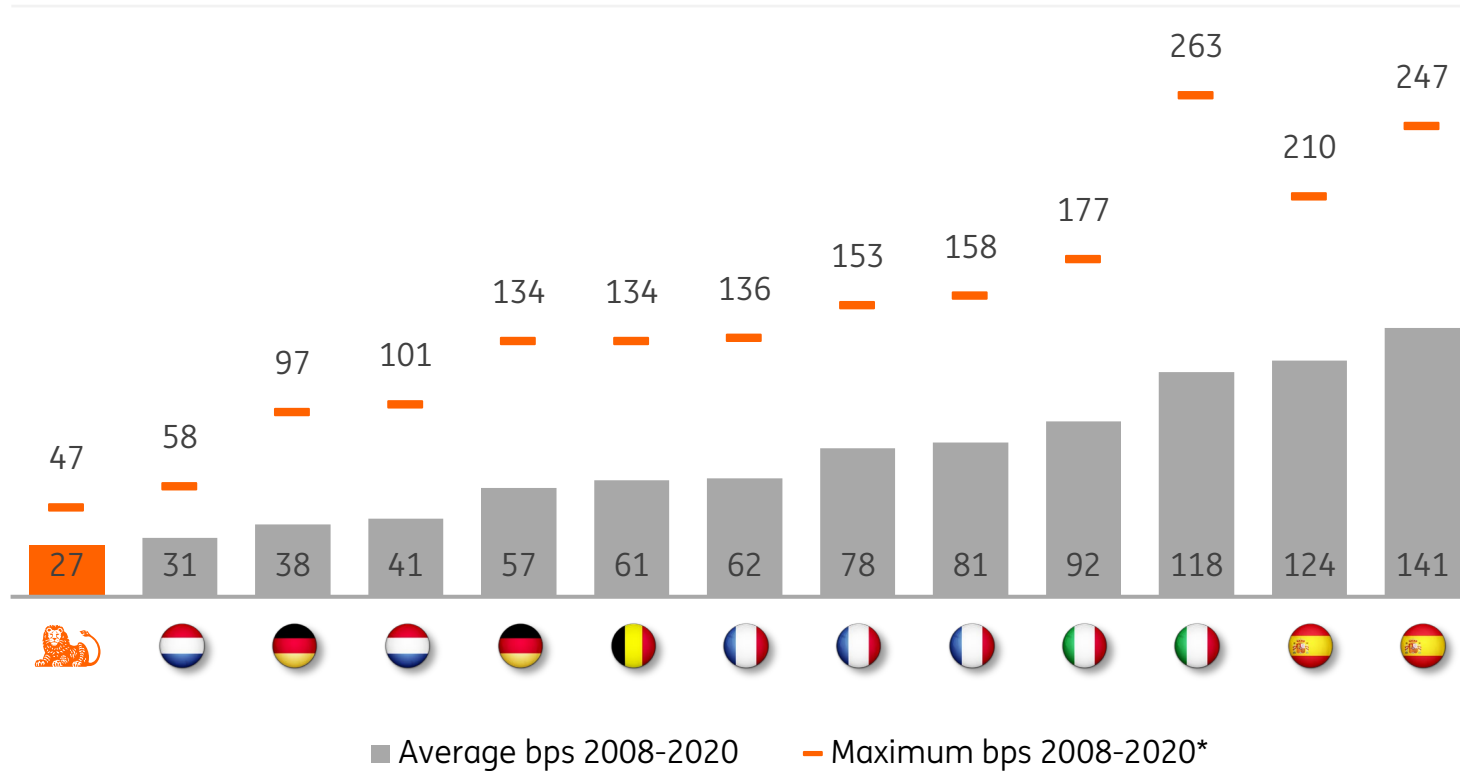
- Increasing digitalisation has resulted in a decrease of the operational** cost/income ratio, despite absorbing significant KYC related expenses
- Various measures with high execution certainty and high short-term visibility have been taken to decrease the cost base going forward and we aim to further improve the operational efficiency
- Regulatory costs grew with a CAGR of ~18%, but are expected to decrease as per 2024 with the scheduled completion of the build-up phase of Single Resolution Fund and Deposit Guarantee Schemes

* 2020 excludes €230 mln impairment on ING's equity stake in TMB

** Excluding regulatory expenses and 2020 excludes incidental costs, amounting to €0.7 bln

Lowest and most stable risk costs in the eurozone

Risk costs (in bps of customer lending) compared to peers



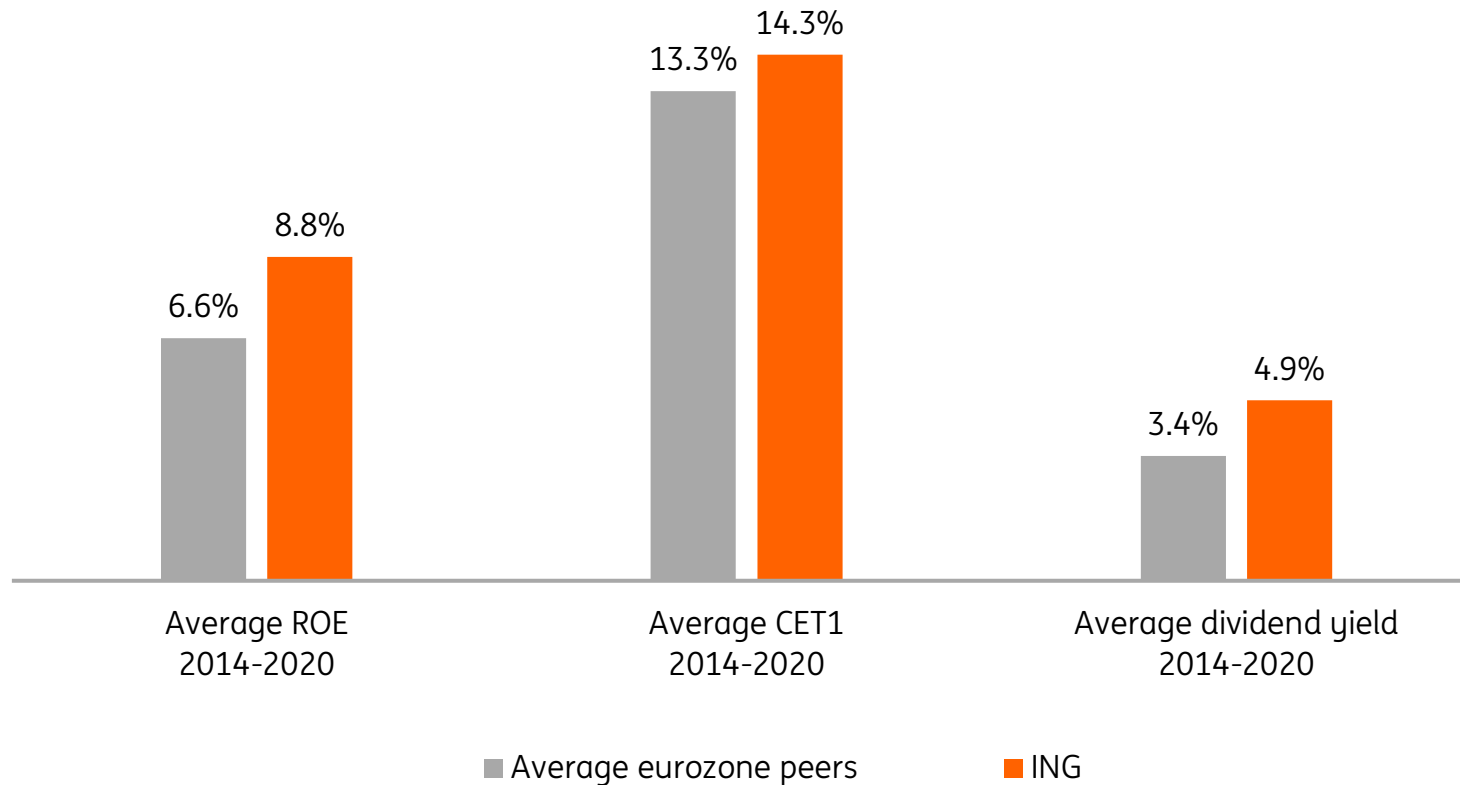
- Risk policy framework sets bank-wide risk appetite, with focus on senior (close to 100%) and well-collateralised loans
- Lowest average risk costs since 2008 and lowest maximum risk costs in any year since 2008, reflected in the lowest CDS spreads in our peer group
- Direct responsibility of senior staff for the client, sector, product or transaction
- Concentration risk managed on various levels
- Proactive global credit restructuring with 75% of files coming out of restructuring without losses
- Historically, provisioning has been more than sufficient to cover actual write-offs

* Highest calendar year average during this period
Source: Bloomberg

Well positioned to achieve our ambitions and to provide attractive returns to shareholders

Consistent attractive return to shareholders

Consistent outperformance in ROE and dividend yield despite higher capitalisation



- Between 2014 and 2020, we have generated ~€27 bln of CET1 capital, of which ~€15 bln will be returned to shareholders*
- Average yield in 2014-2020 period was ~4.9%**
- ROE ambition of 10%-12%
- Long-term Basel IV CET1 ratio ambition of ~12.5%
- From 2020 onwards, we will distribute 50% of resilient net profit
- Structural excess capital over our ~12.5% CET1 ambition will be distributed

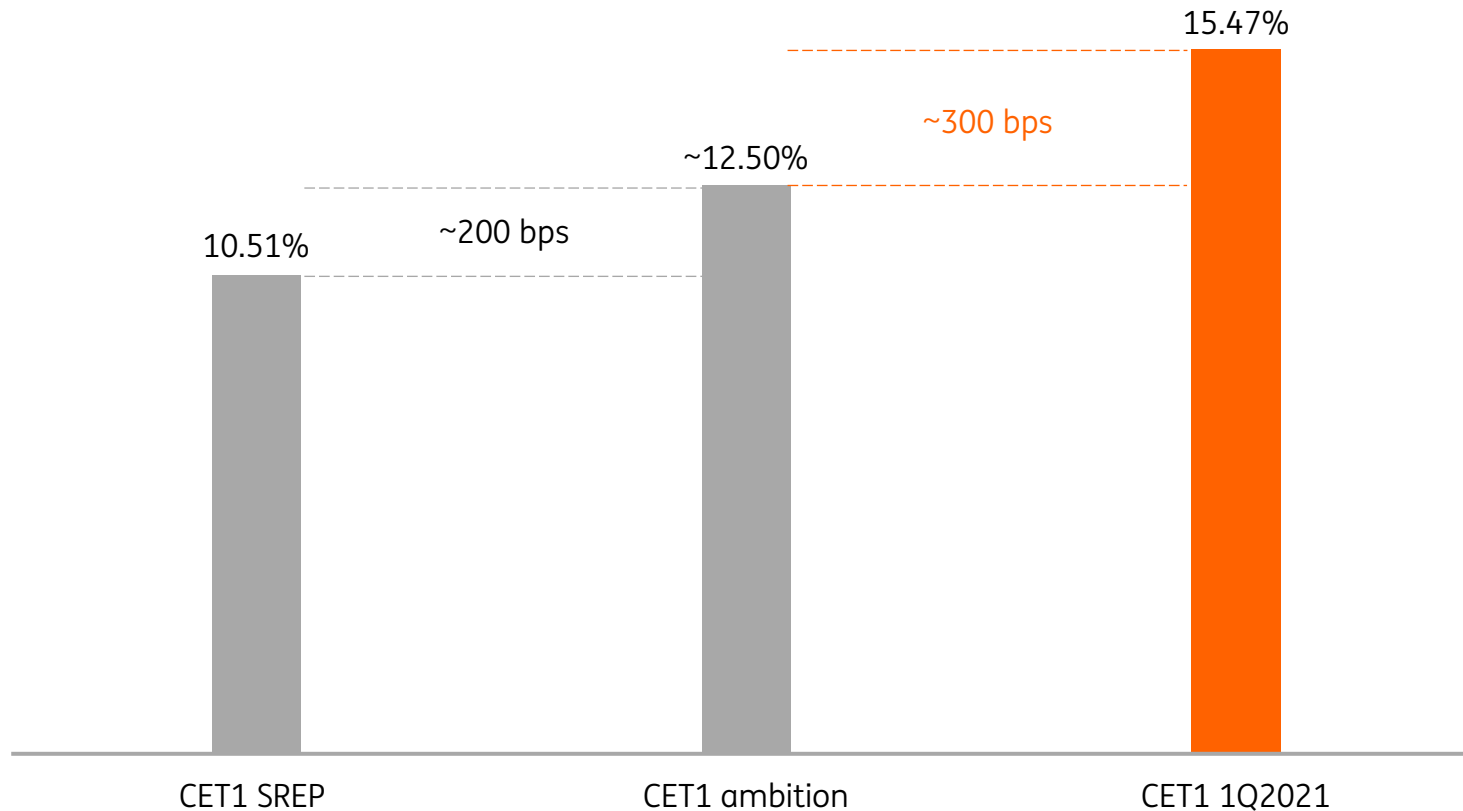
* The €15 bln includes the €3.3 bln which remains reserved for distribution outside of CET1 capital

** DPS / share price per year end and including pay-out of 2019 and 2020 dividends

Source: Bloomberg

Significant excess capital position

Significant buffer over SREP and CET1 ambition

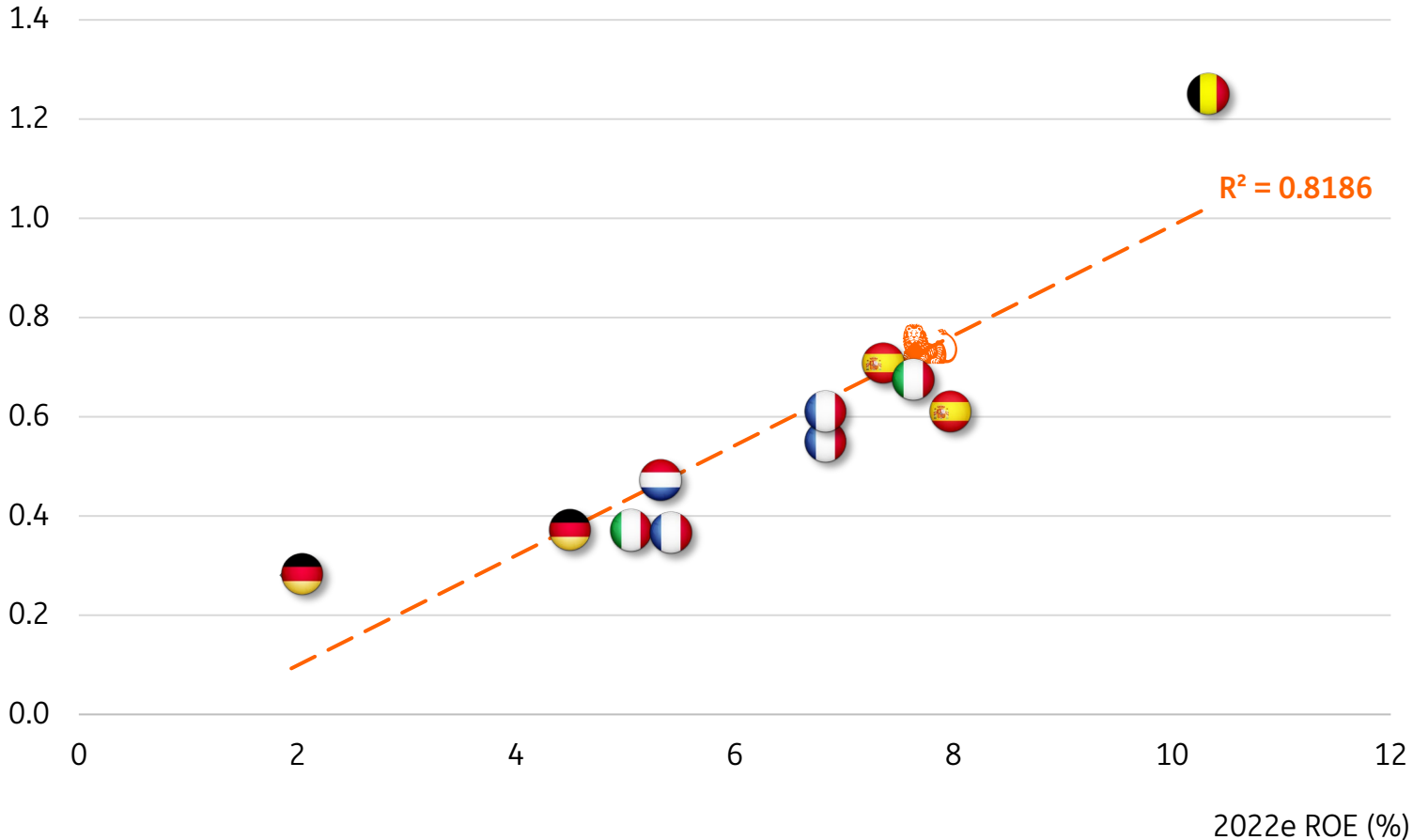


- Commitment that structural excess capital will be returned to shareholders over time
- ~300 bps of excess capital equals ~€9 bln
- The CET1 ratio excludes ~€3.3 bln reserved for distribution outside of CET1 capital
- Annual CET1 capital generating capacity of ~125 bps over the last 3 years
- Regulatory RWA inflation expected to be limited (~50 bps)

Well-positioned to achieve our financial ambitions

ROE / PB regression

2022e P/BV (x)



- ING is run with a long-term focus to meet our financial ambitions
- Assuming an average of through-the-cycle risk costs and a CET1 ratio of ~12.5%, an ROE of 10-12% is achievable, supported by a return to loan growth, continued fee growth and an ongoing effort to optimise the business and achieve our cost / income ratio ambition of 50-52%

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 misled 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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