Full year 2020 results

ING posts FY2020 net result of €2,485 mln
4Q2020 net result of €727 mln

Steven van Rijswijk, CEO of ING

12 February 2021

do your thing

Key points

- 2020 was a year marked by the Covid-19 pandemic and the unprecedented challenges it presented to our customers, employees and society. We continue to take actions to provide support and with vaccination programmes being rolled out globally, we look forward to return to more normal circumstances in the near future
- We continue our efforts to build a sustainable company, also reflected in our strong ESG profile
- The current environment underscores the strength of our digital business model. We continued to grow primary customers, as they choose us as their go-to bank, while mobile interactions further increased
- Pre-provision result was resilient, though the impact from Covid-19 is visible, most notably on lending and savings. After years of growth, 2020 net core lending was down by €2.5 bln, while net deposit inflow was high at €41.4 bln
- Fee growth was good, as our actions on investment products and daily banking more than compensated for the impact of the Covid-19 pandemic on fees for payments and lending
- 2020 risk costs were €2.7 bln with ~30% in Stage 1 and 2, mainly due to Covid-19, reflecting IFRS 9 related provisions and management overlays. For 2021 we expect to move close to our through-the–cycle average of ~25 bps
- The Stage 3 ratio remained low at 1.7% and we are confident on the quality of our loan book, supported by a proven risk management framework with a strong track record, also compared to peers
- 4Q2020 CET1 ratio improved to 15.5%, with 4Q2020 net profit almost fully kept outside of regulatory capital. We will distribute a delayed interim cash dividend over 2020 of €0.12 per share, in line with ECB recommendations
- Our geographical and product diversification enables us to have stability in income and positions us very well to capture areas of growth when economies recover

FY2020 results

We are recognised as an industry leader on ESG topics

Environment

- Second Terra report* published
- First Climate risk report* published
- Supported our clients with Sustainable Finance solutions
  - 39 Green and Sustainability improvement loans in 2020
  - 52 Green and Sustainable bonds in 2020
- $1 bln Green bond issued for ING Group N.V.
- Highest sustainability rating (BREEAM Outstanding) for our head office

Social

- Support in coping with the effects of the Covid-19 pandemic
  - Payment holidays for customers
  - Enabled employees to work from home
  - Donated laptops for home schooling
  - Global ING fund to support societies with short term relief and longer term recovery
- Joint bookrunner on Europe's first Covid-19 related bond
- Annual Human rights report* including Covid impact published

Governance

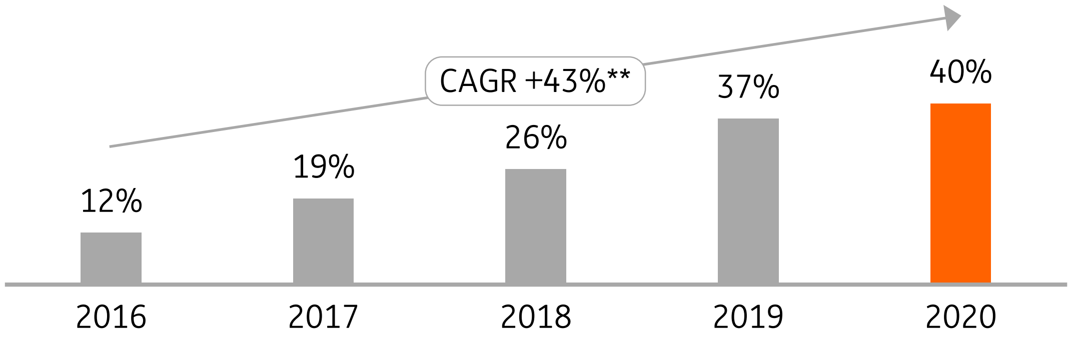
- Revised remuneration policy for EB and SB, formulated with stakeholder feedback and a strong link between variable pay and sustainability performance
- Continued global progress on strengthening our management of compliance risks
- Our Behavioural Risk Management team developed Dialogue Starter, a method to support teams in mitigating behavioural risks

SUSTAINALYTICS	**Sustainalytics** #1 in our market cap group (July 2020)	MSCI	**MSCI ESG rating** Rating AA (December 2020)
CDP	**CDP (Carbon Disclosure Project)** A List (December 2020)	S&P Global Ratings	**S&P ESG Evaluation** Strong (83/100) (January 2021)

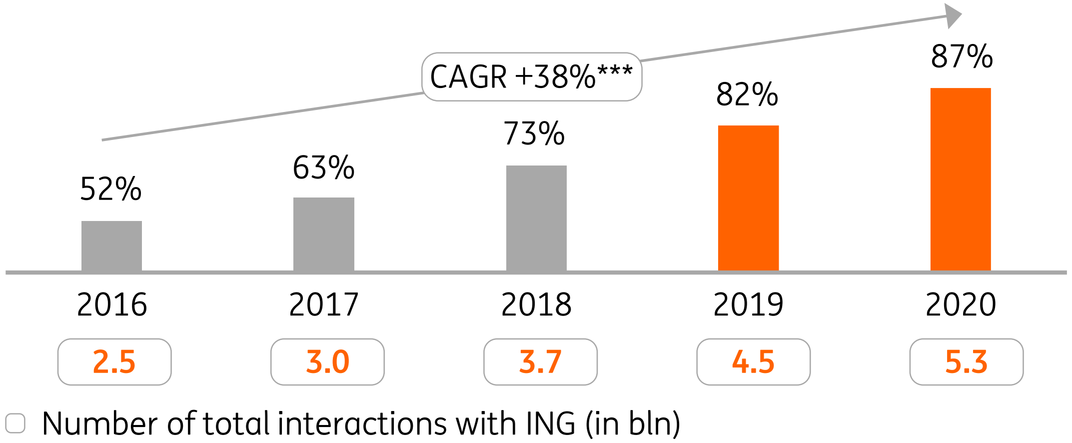
* The reports can be found on https://www.ing.com/Sustainability/The-world-around-us-1/Reporting.htm

Our digital capabilities have given ING an advantage through the pandemic

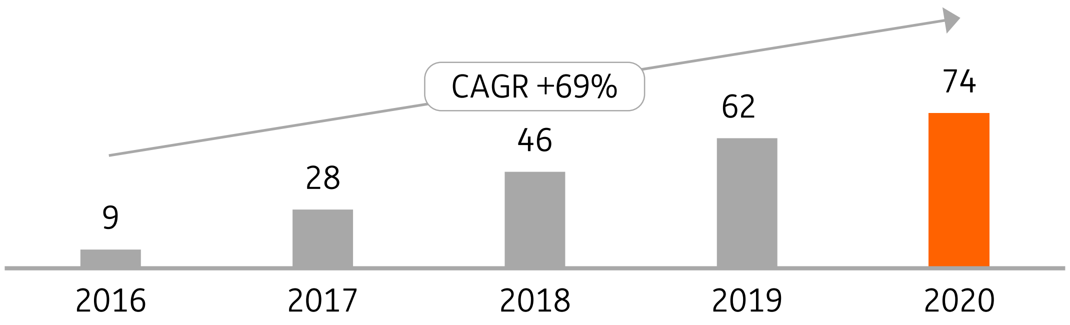
% of mobile-only active customers*



% mobile in interactions with ING



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

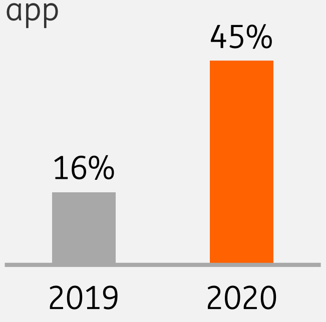


Digital investment accounts in Germany (FY2020)

326,000
New investment accounts opened

+25%
Assets under Management

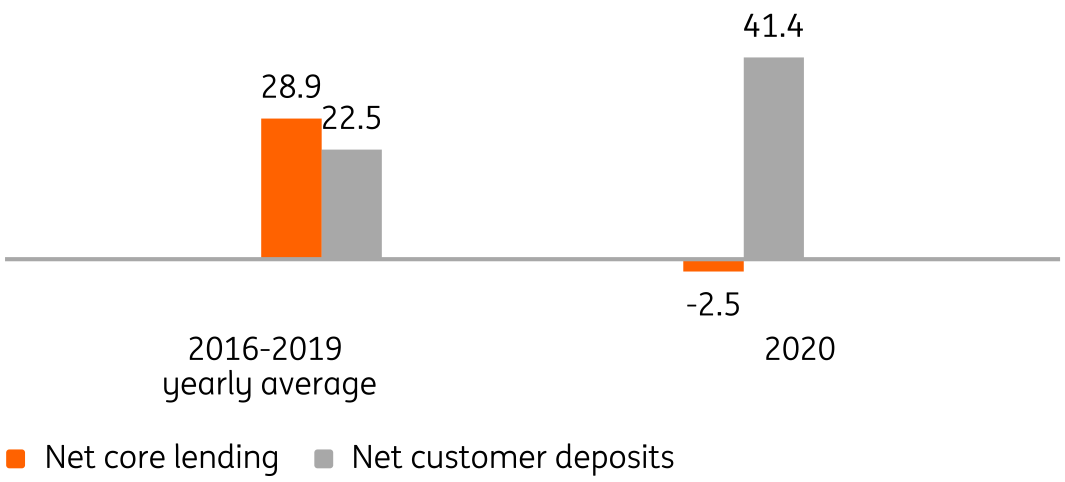
Share of trades via the app



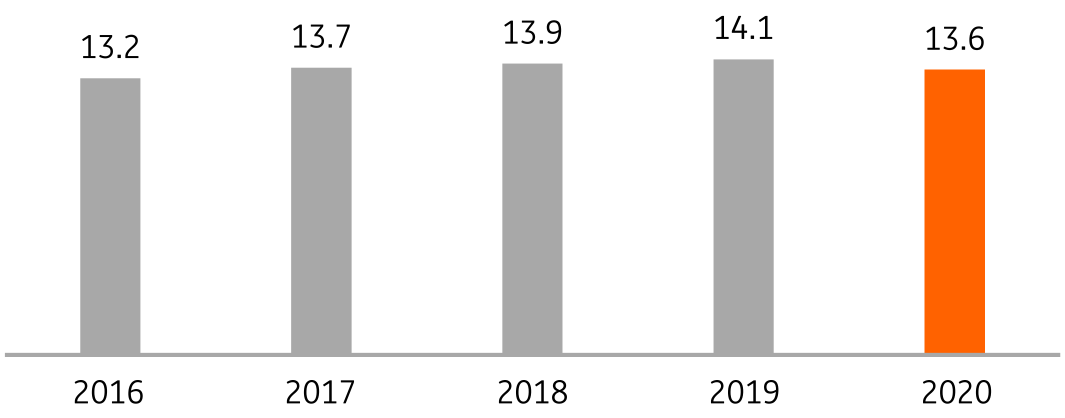
* Definition: Retail customers who used the channel at least once in the last quarter
** CAGR for number of mobile-only customers among active customers who contact us
*** CAGR for number of mobile interactions with ING

Some levers to counter NII pressure were challenged under Covid-19

Net core lending and customer deposit growth (in € bln)



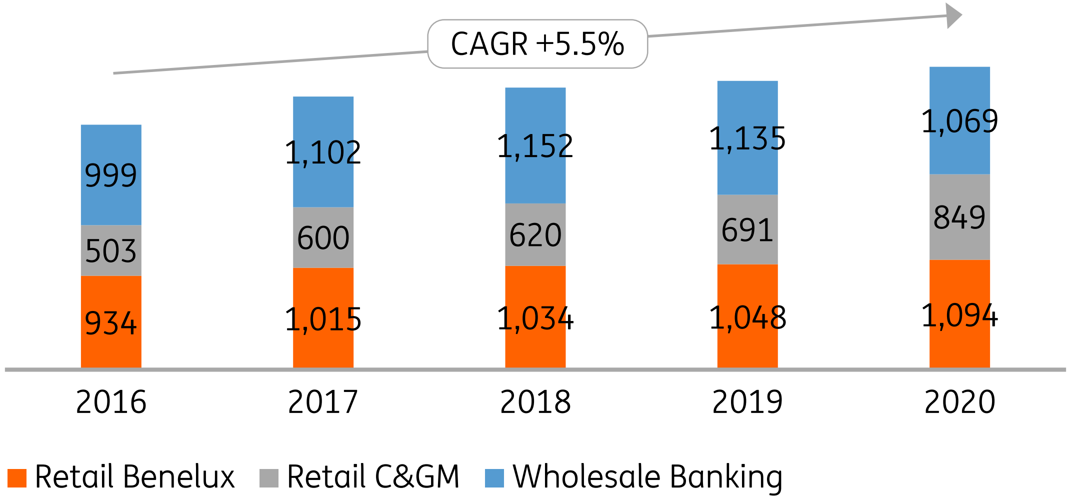
Net interest income (€ bln)



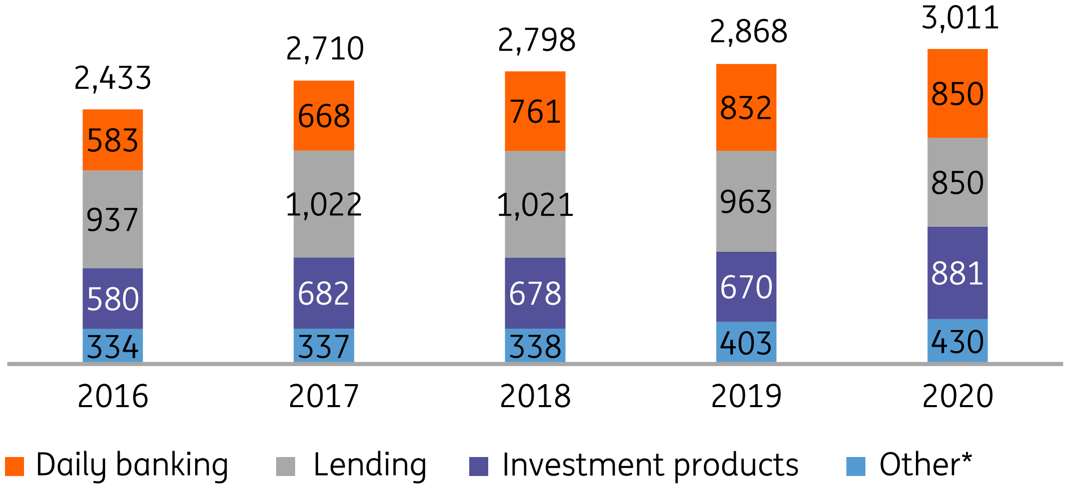
- Over the past years we have successfully grown NII, countering pressure from the negative rate environment, through loan growth and margin discipline, as well as benefitting from higher central bank rates in our non-eurozone countries
- In 2020 Covid-19 reduced the effectiveness of these levers
  - Loan growth declined from an average of €28.9 bln in previous years to €-2.5 bln in 2020
  - This reflects low demand from businesses, driven by less need for investment loans and working capital, attractive capital markets and direct government support
  - High liquidity mainly driven by TLTRO III and government support also reduced the possibility to reprice loans
  - Deposit growth almost doubled, reflecting lower spending due to continued uncertainty and lockdown restrictions
  - Lower swap rates and central bank rate cuts in non-eurozone countries affected liability margins
- Despite resilient lending margins and increased negative charging, these effects of Covid-19 impacted NII. As global vaccinations progress and when we get closer to more normal economic activity, we should again be able to effectively apply all levers
- The conditional benefit of TLTRO III is not included in NII

Fees grew 5% YoY supported by investment product and package fees, compensating Covid-19 impact on lending and payment fees

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



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

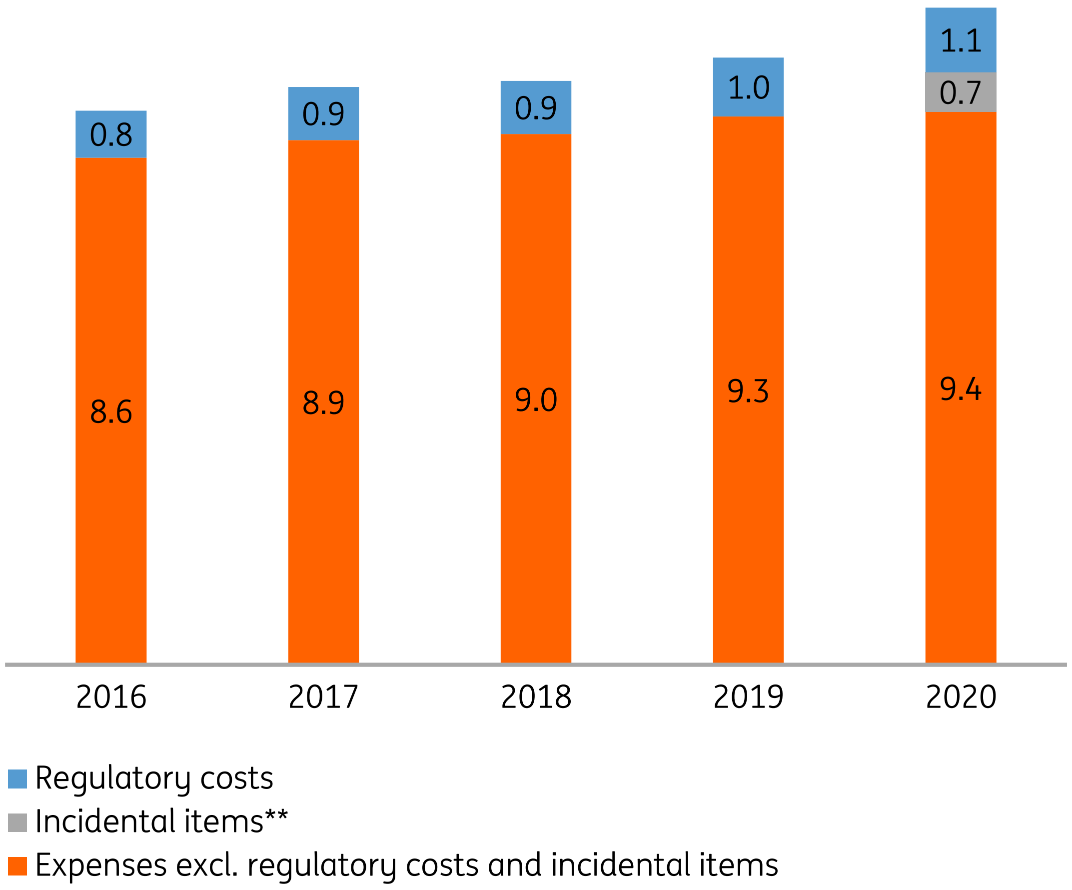


- Despite exceptional market circumstances, fee growth was 5% YoY. This was driven by Retail fees, up by almost 12%, reflecting very strong growth in investment products, while WB had a more challenging year mainly reflecting the lower lending activity
- Investment product fees increased 31% YoY, driven by new account openings reflecting the success of our digital investment solution in Germany and marketing campaigns, while also the number of trades increased in light of market volatility
- Fees in daily banking grew, supported by increased package fees and new custody fees, offsetting lower transaction fees reflecting the drop in domestic and international payment transactions due to lockdown measures and travel restrictions
- Lending fees reflect the aforementioned lower demand, overall lower average oil prices in Trade & Commodity Finance (TCF) and a more conservative approach on leveraged transactions

* Other includes Insurance products and Financial Markets

Continued focus and measures taken on expenses

Expenses* (in € bln)

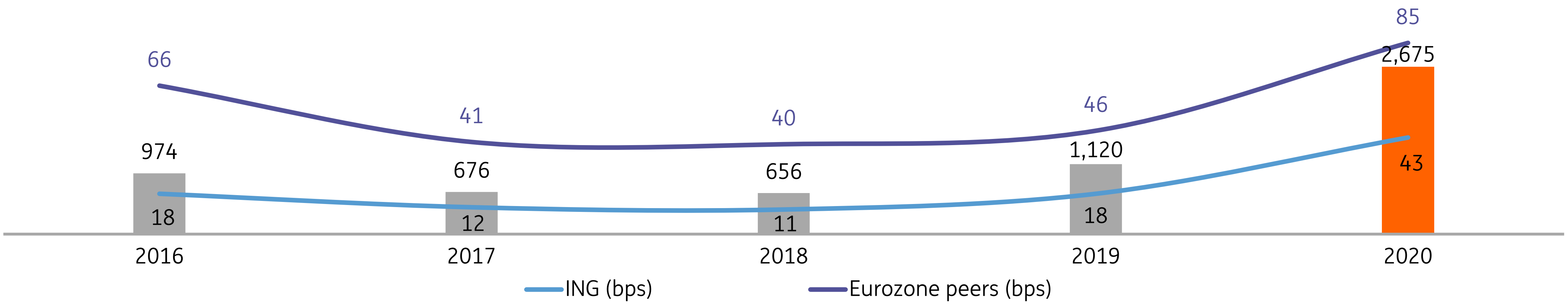


- FY2020 expenses included €0.7 bln of incidental items, mainly reflecting the goodwill impairments in 2Q2020, impairments for the Maggie program in 3Q2020 and impairments and redundancy provisions in 4Q2020 related to previously announced measures
- Excluding these incidental items, FY2020 expenses were only slightly higher (+0.5%) despite continued CLA increases
- As we continue focusing our activities and aligning with changing customer behaviour, we have announced a reduction of the branch networks in Retail Benelux and we are also reviewing branch networks in our Retail Other Challenger & Growth Markets. Related provisioning is included in 4Q2020 expenses
- Going forward, we will continue to critically review our activities and expenses

* For 2016-2018 underlying expenses are shown
** Incidental expenses as included in volatile items on slide 25

Risk costs reflect provisioning related to IFRS 9 and overlays

Loan loss provisions (in € mln and in bps over customer lending)

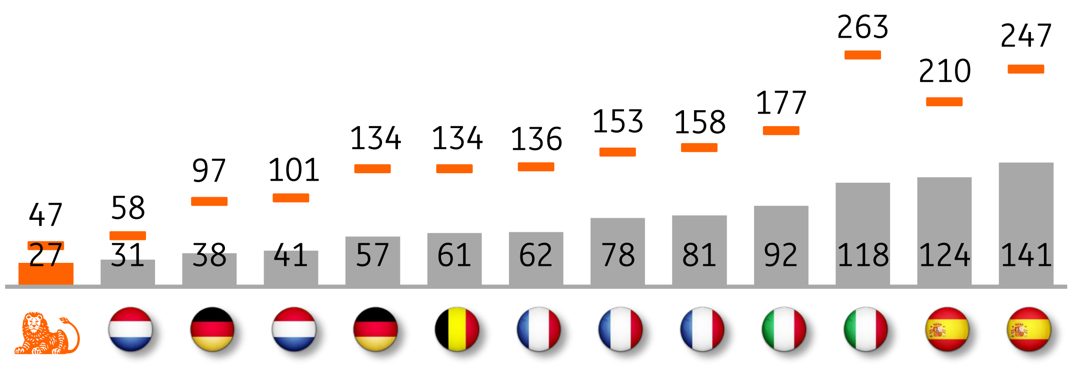


- Risk costs for 2020 came in at €2.7 bln, with ~30% Stage 1 and 2 provisioning, mainly due to Covid-19, reflecting IFRS 9 related provisioning based on macro-economic scenarios, management overlays to reflect a possible delay in expected credit losses and prudently moving customers to the watchlist
- Risk costs were at increased levels throughout the sector and at 43 bps over customer lending we remain well below the average for our eurozone peers, in line with our track record
- We have granted payment holidays to ~196,000 customers, amounting to €19.4 bln of lending credit outstandings*, which represents just ~2.6% of our total loan book, split between mortgages and business lending
  - ~93% of payment holidays have expired by YE2020, so far we see no significant deterioration of these customers' risk profile
  - As a prudent measure, businesses in high risk sectors under Covid-19 were moved to the watchlist and management overlays were applied for a potential move to Stage 3

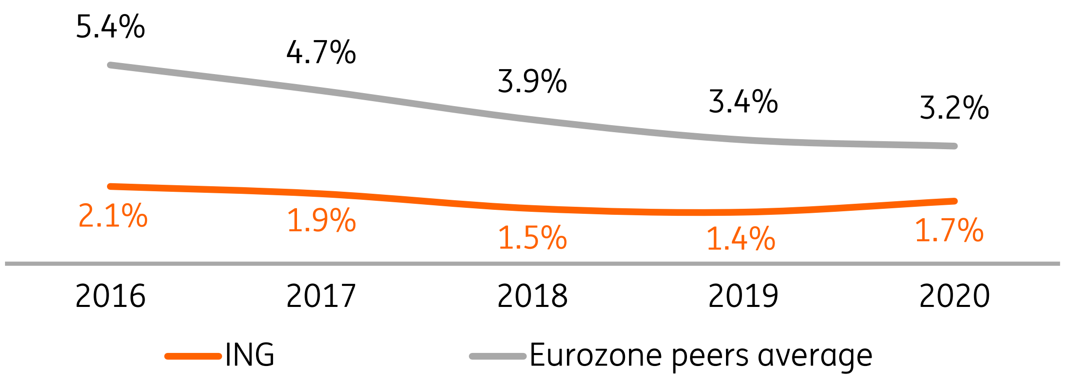
* A quarterly reduction of the reported numbers reflects repayments of loans on which a payment holiday was granted

The quality of our loan book is strong

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



Stage 3 ratio compared to peers*

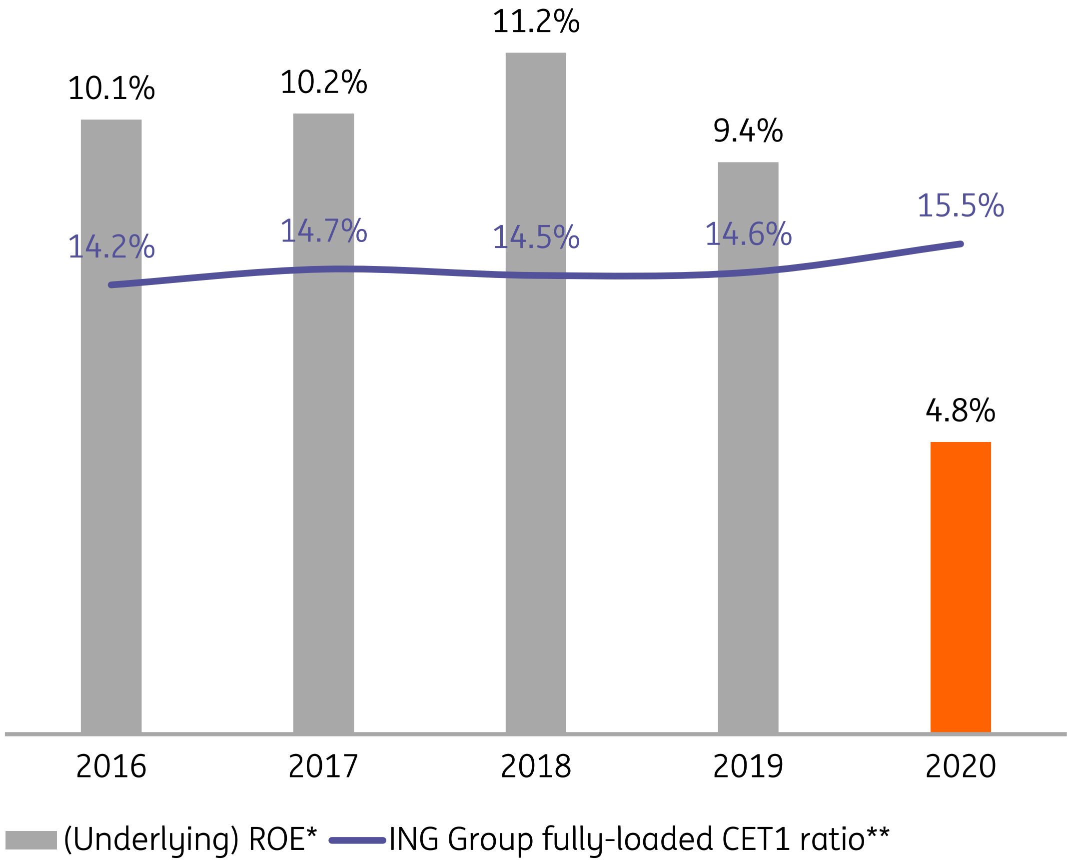


- Asset quality is managed through a prudent risk management framework
  - Risk policy framework sets bank wide risk appetite, with focus on senior and collateralised loans
  - Exposure caps on countries, (sub)sectors, single names, products and specific books (CRE, Leveraged Finance)
  - Experienced front-office and risk management teams with sector expertise and long-standing customer relationships
  - Monitoring of our loan book via our Early Warning System and watch list process
  - Pro-active global credit restructuring approach
- Evidenced by a strong loan book and track record with risk costs and Stage 3 ratio well below peers
  - Well-diversified loan book in terms of product type, client segment and geography
  - Almost fully senior and well-collateralised with the majority of exposure to investment grade customers
  - Historically provisioning has been more than sufficient to cover actual write-offs

Source: Bloomberg, Annual disclosures
* Eurozone peers include ABN AMRO, BBVA, BNP Paribas, Commerzbank, Credit Agricole, Deutsche Bank, Intesa Sanpaolo, KBC, Rabobank, Santander, Société Générale and UniCredit
** Highest calendar year average

Our 10-12% ROE ambition

Return on Equity and CET1 ratio



* For 2016-2018 underlying ROE is shown; ROE is calculated using ING Group's IFRS-EU shareholders' equity after excluding 'reserved profit not included in CET1 capital' as from end-1Q2017 onwards

** Basel III CET1 ratio of 14.5% as per 1 January 2018 due to IFRS 9 adoption

- We run ING with a long term focus and a through-the-cycle ROE ambition of 10-12%, which historically we have delivered
- 2020 ROE was affected by several sizeable negative incidentals in the P&L as well as IFRS 9 provisioning, other Covid-19 related effects, negative rates, regulatory impacts on RWA and a CET1 ratio well above our ambition
- Our 10-12% ROE ambition is supported by several factors
  - Maintain high asset quality and a low Stage 3 ratio through our strong risk management framework
  - Return to loan growth as our geographic diversification positions us to capture growth as we come out of the pandemic with the roll out of global vaccination programs
  - Return to normalised level of payments transactions
  - Increased charging for actual costs of operating (savings) accounts, custody fees, daily banking packages and negative rates on savings
  - Management actions to absorb regulatory RWA inflation
  - Ongoing discipline and measures on costs
  - Intention to over time bring our CET1 ratio, currently at 15.5%, in line with our ambition of ~12.5%

ING Group financial ambitions

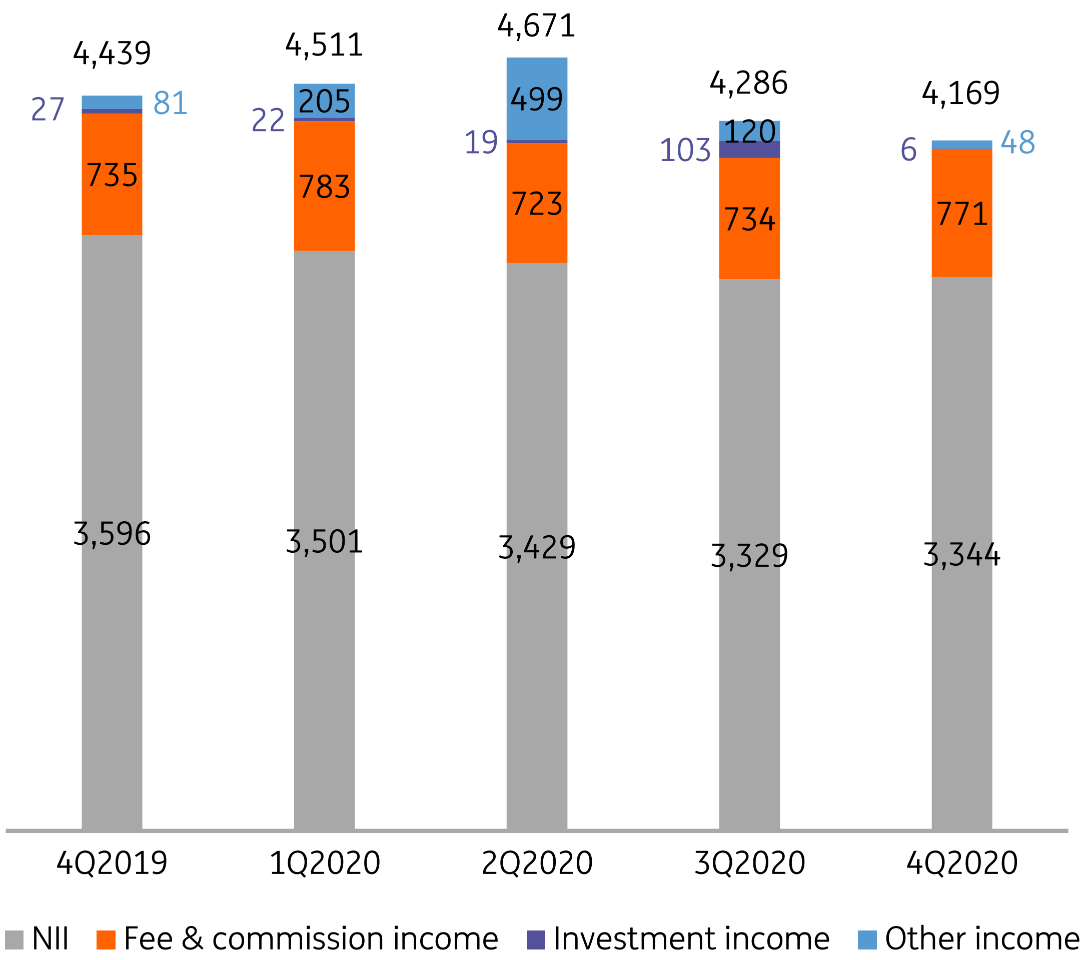
		Actual 2019	**Actual 2020**	Financial ambitions
Capital	▪ CET1 ratio (%)	14.6%	**15.5%**	~12.5%* (Basel IV)
	▪ Leverage ratio (%)	4.6%	**4.8%**	>4%
Profitability	▪ ROE (%)** (IFRS-EU Equity)	9.4%	**4.8%**	10-12%
	▪ *C/I ratio (%)***	*56.6%*	***63.2%***	*50-52%*
Dividend	▪ Dividend (per share)	€0.24***	**€0.12*** **	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 31 December 2020, this amounted to €3,266 mln, reflecting an initial reservation for the 2019 final dividend payment and a reservation of 50% of 2020 resilient net profit
*** Interim dividend
**** Of resilient net profit

4Q2020 results

Income QoQ supported by higher NII and fee income

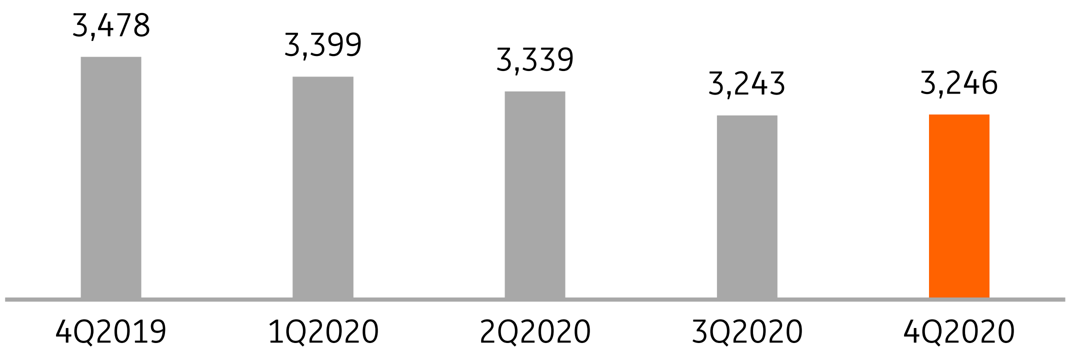
Income (in € mln)



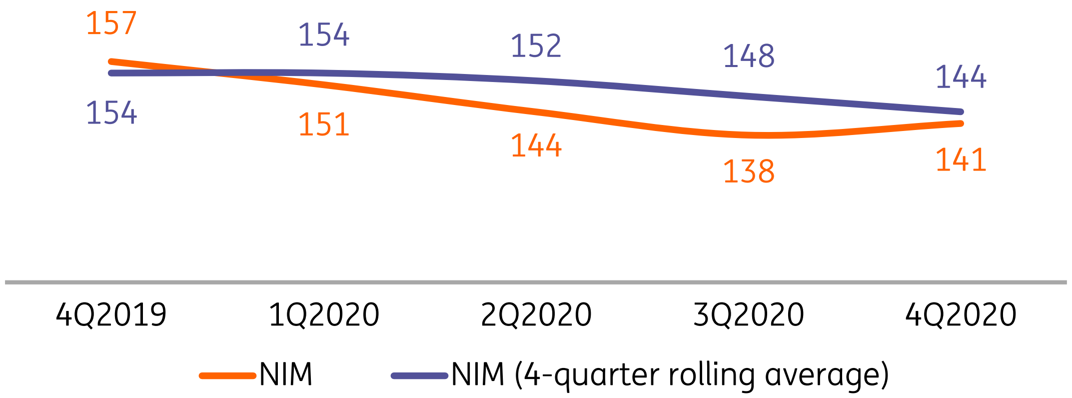
- Fees were at a high level in 4Q2020, overall income was lower YoY mainly driven by lower interest results on customer deposits, lower results from FX ratio hedging and negative FX impact
- Sequentially, both NII and fees increased. Total income was lower reflecting a €58 mln negative impact from an indemnity receivable in Australia (compensated by a similar amount in the tax line), while valuation adjustments in FM and hedge ineffectiveness turned negative in 4Q2020. The previous quarter included the annual dividend received from Bank of Beijing as well a €230 mln valuation impairment on TMB

NII stable QoQ; 4-quarter rolling average NIM at 144 bps

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



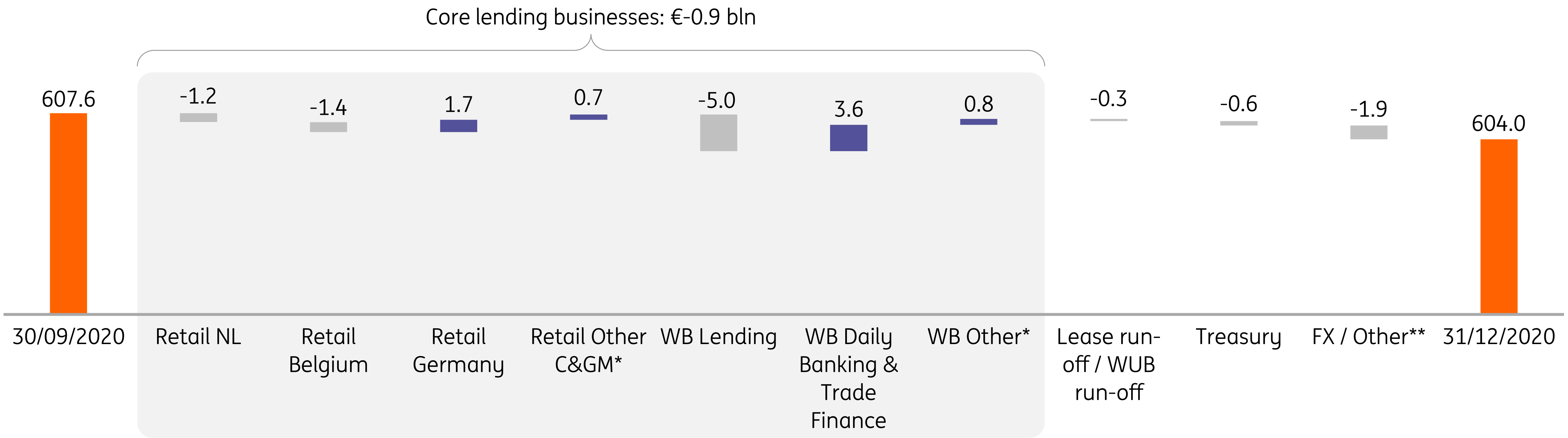
Net Interest Margin (in bps)



- NII excluding FM was lower compared to 4Q2019. Higher Treasury-related interest results and improved lending margins were offset by continued pressure on customer deposit margins, while customer deposits continued to increase. Furthermore, FX had a significant impact through lower interest results from FX ratio hedging in the Corporate Line as well as foreign currency translation
- Sequentially, NII excluding FM was stable
- 4Q2020 NIM was 141 bps, up three basis points from 3Q2020, due to a decline in the average balance sheet, reflecting higher NII (including FM) and lower average customer lending

Net core lending reflects year-end balance sheet optimisation

Customer lending ING Group 4Q2020 (in € bln)

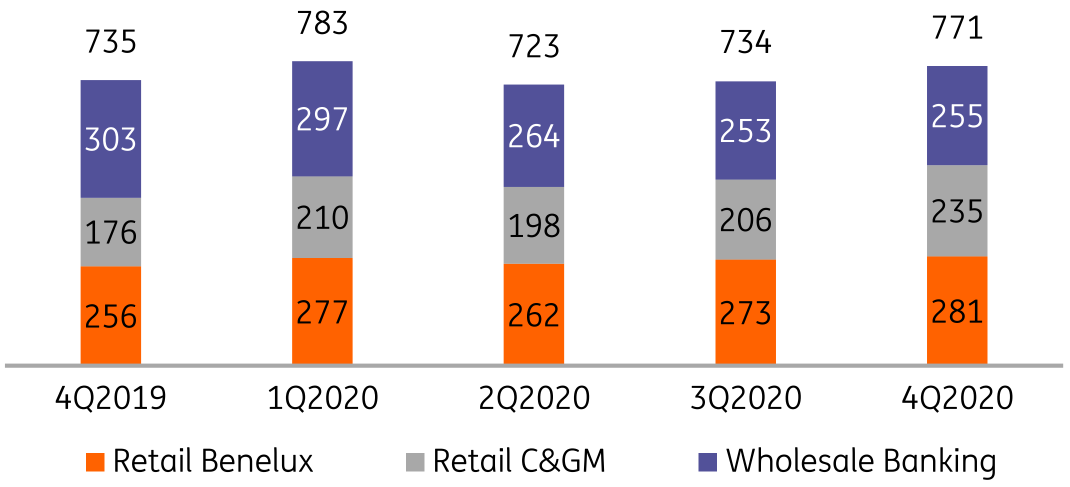


- Net core lending declined by €0.9 bln in 4Q2020
  - Retail Banking was €0.2 bln lower. Mortgages were €2.4 bln higher, due to continued growth in Challengers & Growth Markets (predominantly Germany), while other lending decreased by €2.6 bln, mainly reflecting lower business lending in the Benelux
  - Wholesale Banking decreased by €0.7 bln, mainly in Lending due to repayments on term loans, also reflecting year-end balance sheet optimisation, largely offset by higher Trade & Commodity Finance due to higher average oil prices
- Net customer deposits increased by €7.8 bln

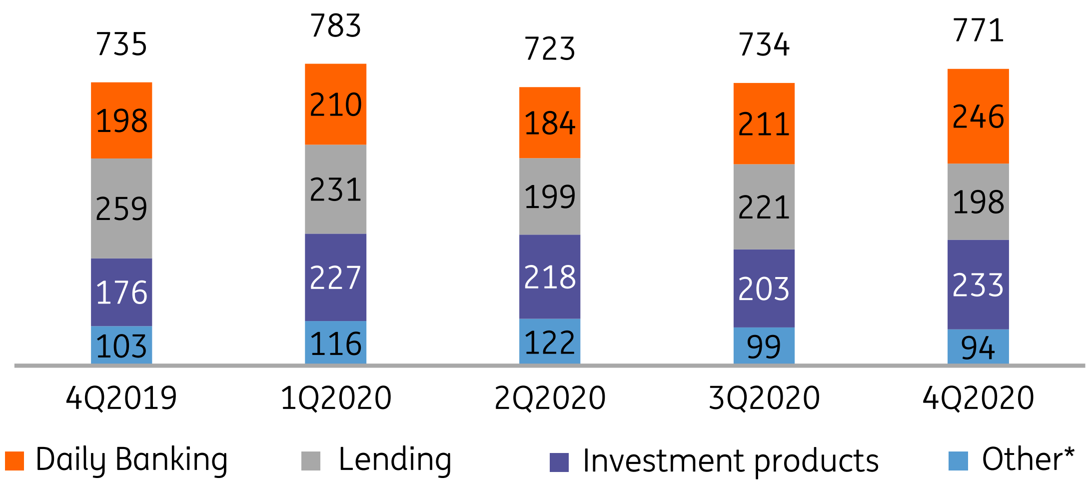
* C&GM is Challengers & Growth Markets; WB Other includes Financial Markets
** FX impact was €-1.8 bln and Other €-0.1 bln

Strong fee growth in Retail Banking

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



Fee & commission income per product category (in € mln)

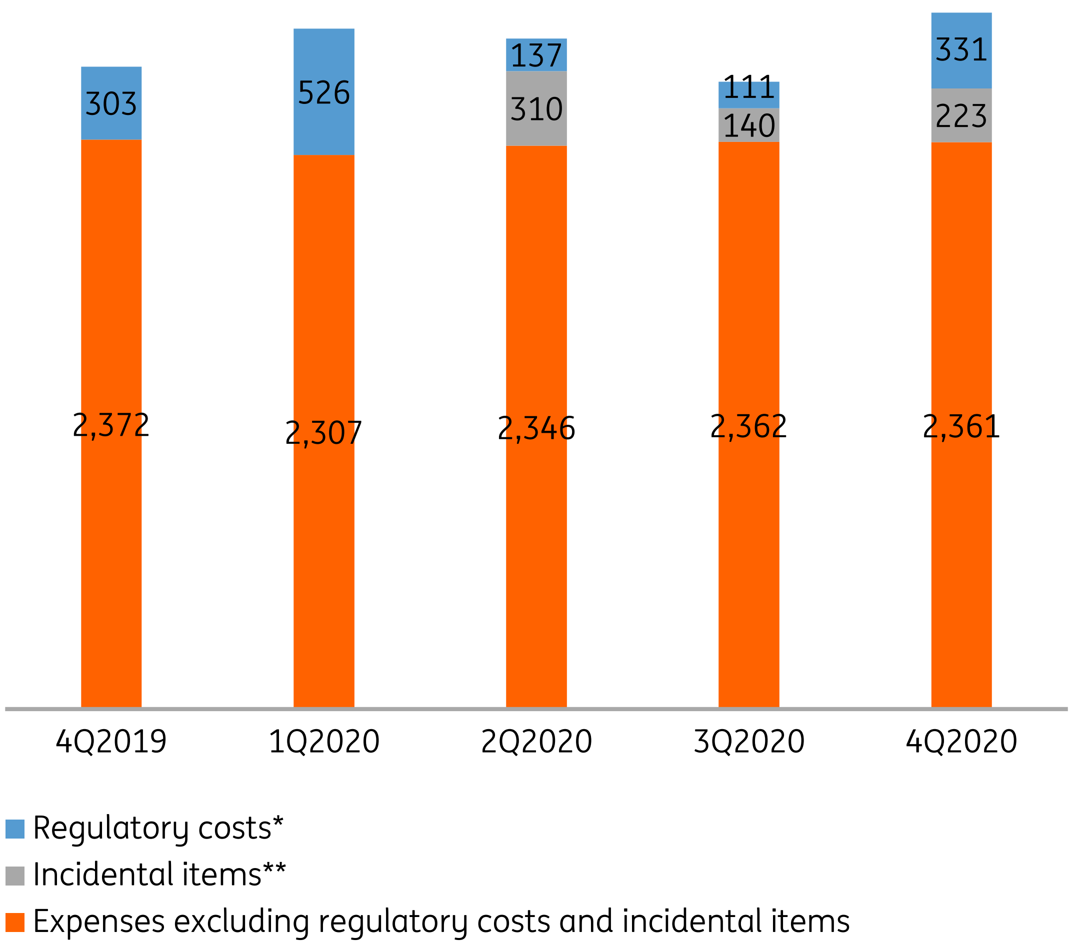


- Compared to 4Q2019, overall fee growth was 5%, despite a 24% drop in lending fees due to Covid-19
  - In Retail Banking fee growth was 19%, driven by investment products as the number of new accounts and trades increased, as well as by daily banking, which benefitted from the increased package fees and a further recovery of domestic payment transactions, while international payment transactions remain low
  - Fees in Wholesale Banking were down, driven by lower lending fees, with less activity in syndicated deals and TCF (mainly due to lower oil prices), and lower fees in FM due to less client activity
- Sequentially, fees grew by 5%, in line with year-on-year developments and despite renewed lockdown measures

* Other includes Insurance products and Financial Markets

Operating expenses under control

Expenses (in € mln)

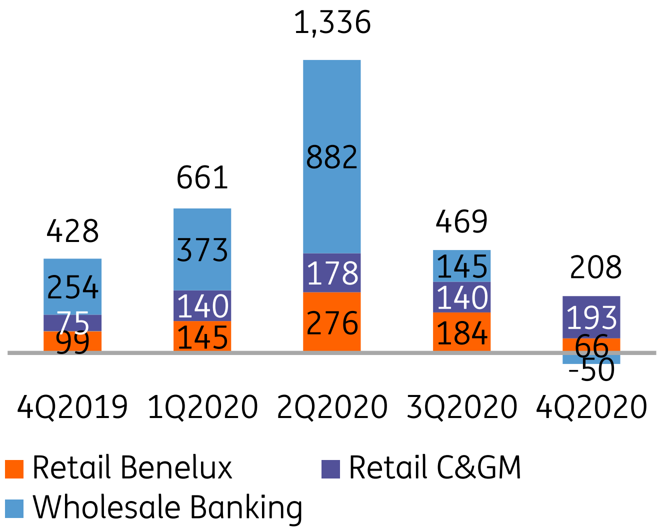


- Expenses excluding regulatory costs were up YoY, driven by €223 mln of incidental items, mainly reflecting restructuring provisions and impairments related to several previously announced measures
- Excluding incidental items, expenses were 0.5% lower as cost savings compensated for CLA-related salary increases and higher IT expenses
- Sequentially, when excluding regulatory costs and incidental items, expenses were stable
- Regulatory costs were €28 mln higher YoY, reflecting a higher Dutch DGS contribution, and €220 mln higher QoQ, as Dutch bank taxes are fully paid in the fourth quarter

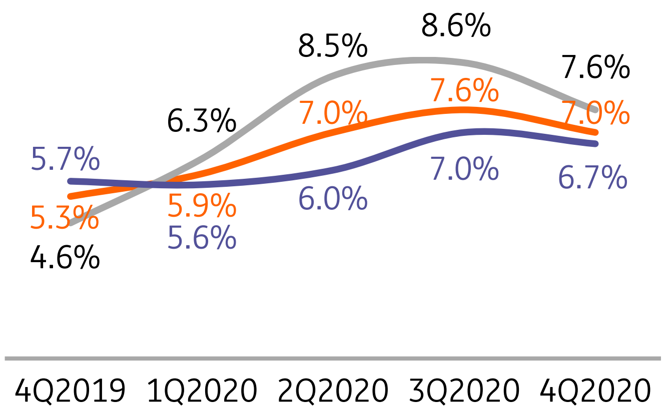
* Formal build-up phase of Deposit Guarantee Schemes (DGS) and Single Resolution Fund (SRF) should be completed by 2024
** Incidental expenses as included in volatile items on slide 25

Risk costs declined in all business lines

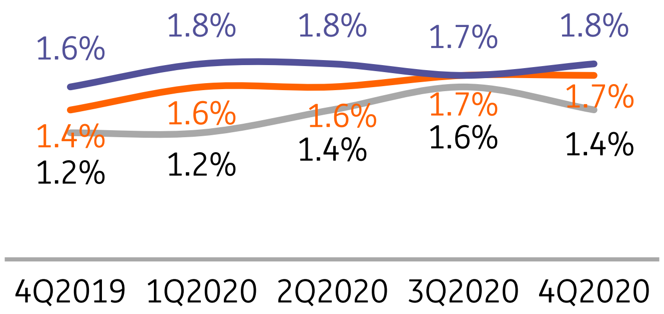
Risk costs per business line (in € mln)



Stage 2 ratio



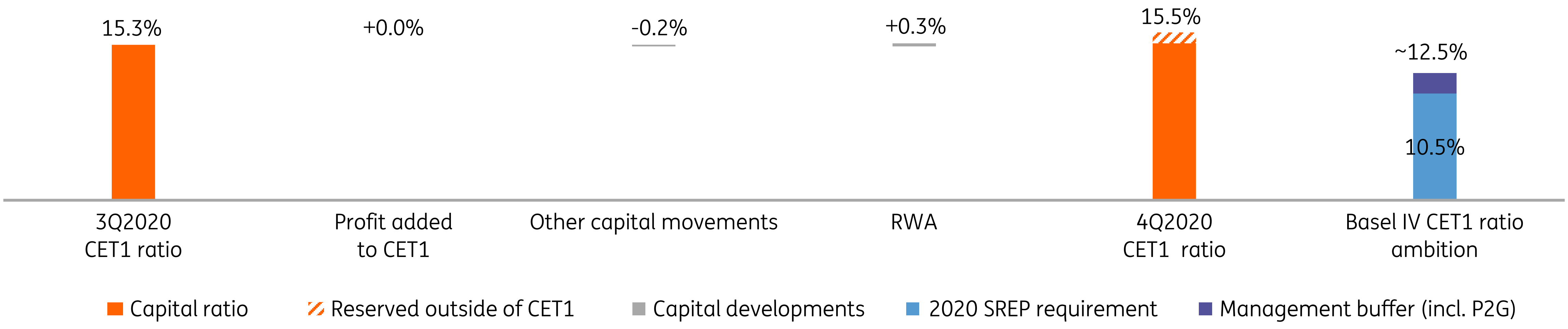
Stage 3 ratio



- 4Q2020 risk costs were €208 mln, or 14 bps of average customer lending, below the through-the-cycle average of ~25 bps. This included a €413 mln management overlay, reflecting increasing uncertainty related to the Covid-19 pandemic and a possible delay in expected credit losses. The overlay was applied to partly compensate for the effect of €622 mln of releases driven by updated macro-economic indicators. The resulting €-209 mln impact on risk costs was allocated to the segments with Retail Benelux €17 mln, Retail C&GM €-38 mln and WB €-188 mln
- In Retail Benelux, risk costs were further driven by business lending, reflecting clients moved to the watchlist and additions to some individual files. Risk costs in Retail C&GM included a provision related to CHF-indexed mortgages in Poland, while collective provisions increased, mainly in Poland, Turkey and Romania. Risk costs in WB reflected several individual additions, on both new and existing files, mainly in the Americas, Asia and Spain
- The Stage 2 ratio declined to 7.0%, mainly driven by improved macro-economic forecasts. The Stage 3 ratio was stable at 1.7%, reflecting lower Stage 3 lending credit outstandings in Wholesale Banking

Strong ING Group CET1 ratio at 15.5%

ING Group CET1 ratio development (in %)



- The 4Q2020 CET1 ratio increased to 15.5%. Almost the full 4Q2020 net profit has been reserved outside of CET1 capital for future distribution, in line with our distribution policy. We also absorbed ~10 bps TRIM impact
- CET1 capital was €0.5 bln lower reflecting €-0.4 bln impact from implementing the NPE backstop, €-0.3 bln valuation adjustments and €-0.2 bln FX impact. This was partly offset by €0.5 bln from a lower capital deduction on intangibles
- RWA decreased €6.0 bln, mainly due to €4.5 bln lower credit RWA, despite absorbing €3.4 bln in model updates, including some TRIM impact. Lower credit RWA were driven by lower volumes, shorter durations, a lower LGD profile and FX movements. Market RWA increased €0.7 bln mostly due to TRIM impact, while operational RWA were €2.1 bln lower due to a regular external data update

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*
- 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

- ING will adhere to the prevailing ECB recommendation to limit distributions, which will remain valid until 30 September 2021. At that time, the ECB intends to repeal the recommendation 'in the absence of materially adverse developments'
  - ING will distribute 19% of FY2020 net profit, equaling 15% of FY2020 adjusted net profit as defined by the ECB

Distribution in 2021 and beyond

1. ING will distribute a delayed interim cash dividend over FY2020 of €0.12 per share** after publication of 4Q2020 results
2. We intend to distribute the remaining amount reserved for the FY2020 distribution (€0.27 per share) after September 30th 2021, subject to relevant approvals and prevailing ECB recommendations
3. We intend to distribute the amount which was originally reserved for the final 2019 dividend after September 30th 2021
   - This could be in the form of cash and/or share buyback, subject to prevailing ECB recommendations and relevant approvals
4. 50% of the resilient net profit in 2021 will be reserved for distribution, in line with our policy
   - Payment of interim dividend over 2021 to be delayed until after September 30th 2021, subject to prevailing ECB recommendations
5. Over the coming years we intend to gradually reduce our CET1 ratio towards our ambition of ~12.5%

* ~1/3 of 1H resilient net profit, to be paid out with our half year results
** Equivalent to 15% of adjusted net profit as defined by the ECB

Wrap up

Wrap up

- 2020 was a year marked by the Covid-19 pandemic and the unprecedented challenges it presented to our customers, employees and society. We continue to take actions to provide support and with vaccination programmes being rolled out globally, we look forward to return to more normal circumstances in the near future
- We continue our efforts to build a sustainable company, also reflected in our strong ESG profile
- The current environment underscores the strength of our digital business model. We continued to grow primary customers, as they choose us as their go-to bank, while mobile interactions further increased
- Pre-provision result was resilient, though the impact from Covid-19 is visible, most notably on lending and savings. After years of growth, 2020 net core lending was down by €2.5 bln, while net deposit inflow was high at €41.4 bln
- Fee growth was good, as our actions on investment products and daily banking more than compensated for the impact of the Covid-19 pandemic on fees for payments and lending
- 2020 risk costs were €2.7 bln with ~30% in Stage 1 and 2, mainly due to Covid-19, reflecting IFRS 9 related provisions and management overlays. For 2021 we expect to move close to our through-the–cycle average of ~25 bps
- The Stage 3 ratio remained low at 1.7% and we are confident on the quality of our loan book, supported by a proven risk management framework with a strong track record, also compared to peers
- 4Q2020 CET1 ratio improved to 15.5%, with 4Q2020 net profit almost fully kept outside of regulatory capital. We will distribute a delayed interim cash dividend over 2020 of €0.12 per share, in line with ECB recommendations
- Our geographical and product diversification enables us to have stability in income and positions us very well to capture areas of growth when economies recover

Appendix

Volatile items 4Q2020

Volatile items and regulatory costs (in € mln)

	4Q2019	1Q2020	2Q2020	3Q2020	4Q2020
WB/FM – valuation adjustments	-74	-92	87	91	-13
Capital gains/losses	-8	138	15	6	3
Hedge ineffectiveness	-65	-89	40	43	-59
Other items*		-82	-270	-370	-223
Total volatile items	**-147**	**-125**	**-128**	**-230**	**-292**
Regulatory costs	-303	-526	-137	-111	-331

* Other items in 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; 3Q2020 concerns €-230 mln of impairments on ING's equity stake in TMB and €-140 mln of impairments on capitalised software related to project Maggie (both in RB C&GM); 4Q2020 concerns €223 mln of incidental costs due to restructuring provisions and impairments and a provision for potential customer claims in the Netherlands

Challengers & Growth Markets FY2020*

Germany

- Total income 2,605 mln
- Mortgages 79.7 bln
- Other lending 41.2 bln
- Deposits 138.5 bln
- RWA 44.6 bln

Spain

- Total income 696 mln
- Mortgages 18.8 bln
- Other lending 8.5 bln
- Deposits 40.5 bln
- RWA 11.4 bln

Australia

- Total income 695 mln
- Mortgages 32.8 bln
- Other lending 8.2 bln
- Deposits 30.2 bln
- RWA 9.1 bln

Italy

- Total income 335 mln
- Mortgages 7.6 bln
- Other lending 5.4 bln
- Deposits 15.0 bln
- RWA 6.9 bln

France

- Total income 273 mln
- Mortgages n.a.
- Other lending 8.6 bln
- Deposits 11.0 bln
- RWA 7.1 bln

Czech Republic

- Total income 82 mln
- Mortgages n.a.
- Other lending 1.4 bln
- Deposits 3.7 bln
- RWA 1.1 bln

Austria

- Total income 79 mln
- Mortgages 0.6 bln
- Other lending 0.7 bln
- Deposits 7.1 bln
- RWA 1.2 bln

Poland

- Total income 1,393 mln
- Mortgages 10.4 bln
- Other lending 16.8 bln
- Deposits 32.9 bln
- RWA 19.5 bln

Romania

- Total income 437 mln
- Mortgages 2.2 bln
- Other lending 3.7 bln
- Deposits 9.2 bln
- RWA 4.9 bln

Turkey

- Total income 299 mln
- Mortgages 0.4 bln
- Other lending 4.4 bln
- Deposits 4.3 bln
- RWA 6.2 bln

Philippines

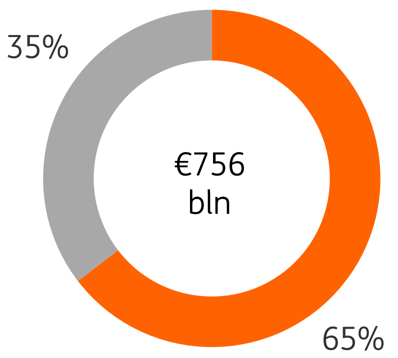
- Total income 12 mln
- Mortgages n.a.
- Other lending 0.02 bln
- Deposits 0.2 bln
- RWA 0.5 bln

* Total Bank results per country (Retail and Wholesale combined) based on booking office, amounts in €; Mortgages and Other lending based on customer lending

Well-diversified lending credit outstandings by activity

ING Group*

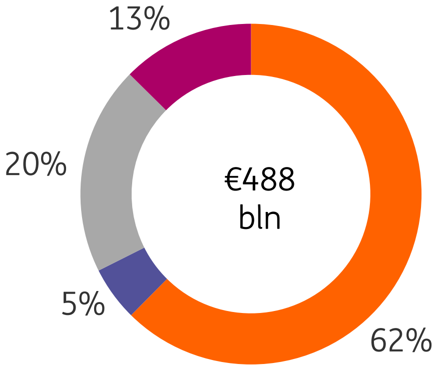
4Q2020



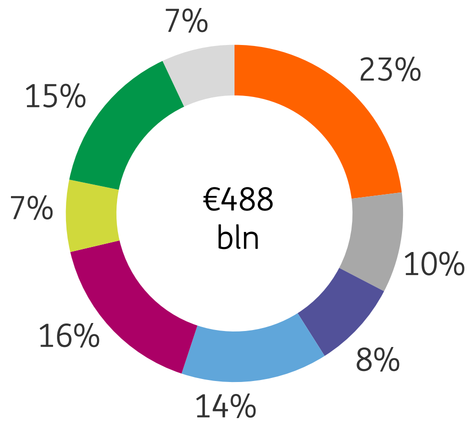
- Retail Banking
- Wholesale Banking

Retail Banking*

4Q2020



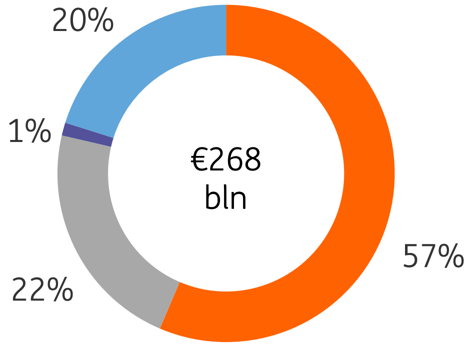
- Residential mortgages
- Consumer Lending
- Business Lending
- Other Lending**



- 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*

4Q2020

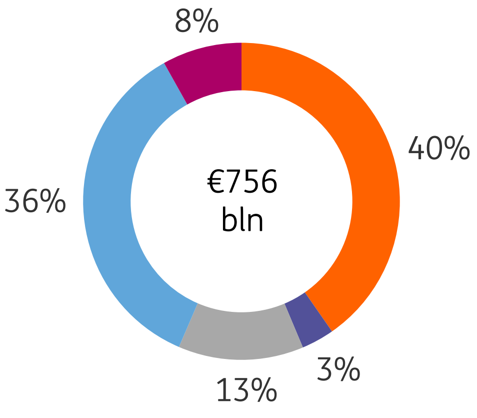


- Lending
- Daily Banking & Trade Finance
- Financial Markets
- Treasury & Other

- ING has a well-diversified and well-collateralised loan book with a strong focus on own-originated mortgages and senior loans; 64% of the portfolio is retail-based

* 31 December 2020 lending and money market credit outstandings, including guarantees and letters of credit, but excluding undrawn committed exposures (off-balance sheet positions)
** Other includes €51 bln Retail-related Treasury lending and €10 bln Other Retail Lending

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

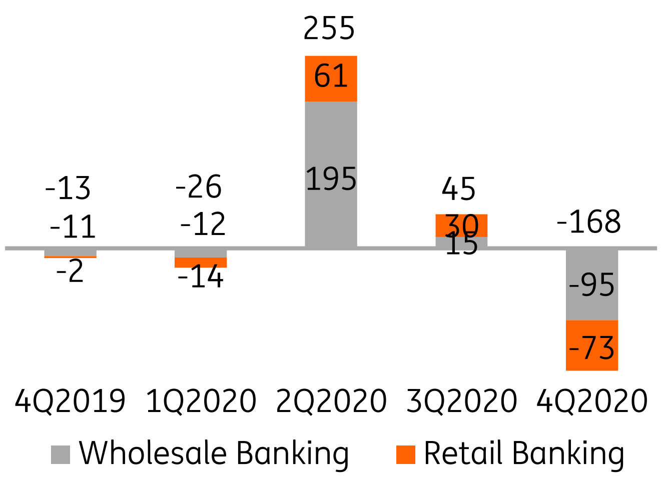


Residential Mortgages €305 bln	▪ Average LTV of 58% with low Stage 3 ratio at 1.3% ▪ Risk metrics remained strong, also supported by government schemes
Consumer Lending €25 bln	▪ Relatively small book, risk metrics slightly deteriorated
Business Lending €97 bln**	▪ Limited exposure to sectors most at risk: ▪ Agriculture: €5.6 bln (0.7% of loan book), Stage 3 ratio at 6.2% ▪ Non-food Retail: €3.0 bln (0.4% of loan book), Stage 3 ratio at 4.6% ▪ Hospitality + Leisure: €4.3 bln (0.6% of loan book), Stage 3 ratio at 5.2%
Wholesale Banking €268 bln	▪ Limited exposure to sectors most at risk: ▪ Leveraged Finance: €8.1 bln (capped at €10.1 bln), well-diversified over sectors ▪ Oil & Gas: €15.5 bln of which €3.5 bln with direct exposure to oil price risk (0.5% of loan book; Reserve Based Lending (€2.6 bln) and Offshore business (€0.9 bln)), Stage 3 at 6.7% ▪ Aviation: €4.3 bln (0.6% of loan book), Stage 3% at 4.8% ▪ Hospitality + Leisure: €1.6 bln (0.2% of loan book), Stage 3% at 8.7%
Commercial Real Estate (RB + WB)	▪ Total €49.6 bln (6.6% of loan book), booked in RB and WB ▪ Well-diversified capped loan book ▪ LtV at 50% and low Stage 3% at 1.2%

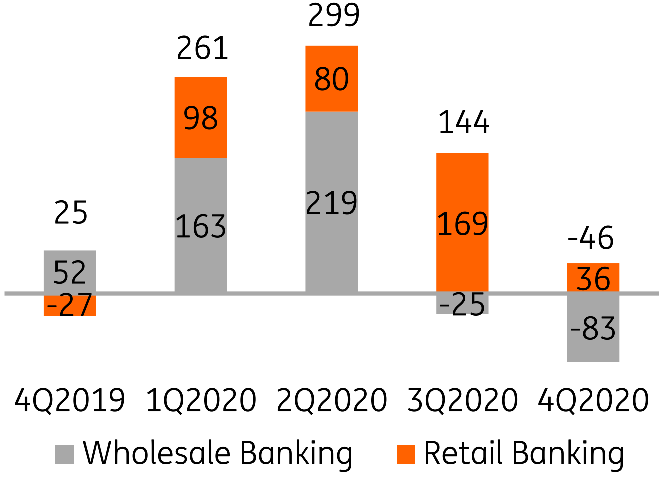
* Other includes €51 bln Retail-related Treasury lending and €10 bln Other Retail Lending
** In 4Q2020 the Real Estate Finance portfolio booked in Retail Banking (€11 bln), was transferred from Other Retail Lending to Business Lending

Provisioning per Stage

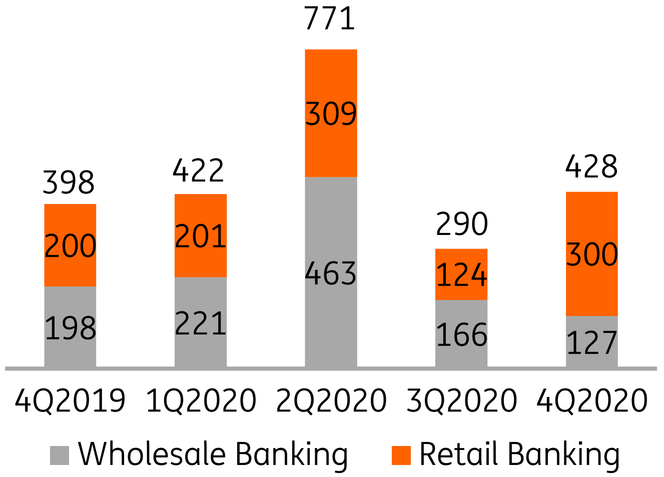
Stage 1 provisioning (in € mln)



Stage 2 provisioning (in € mln)



Stage 3 provisioning (in € mln)



Main drivers 4Q2020

- Releases triggered by updated macro-economic indicators, reflecting a possible delay in expected credit losses as lockdown restrictions were tightened across Europe and uncertainty remains, partly compensated by a management overlay

Main drivers 4Q2020

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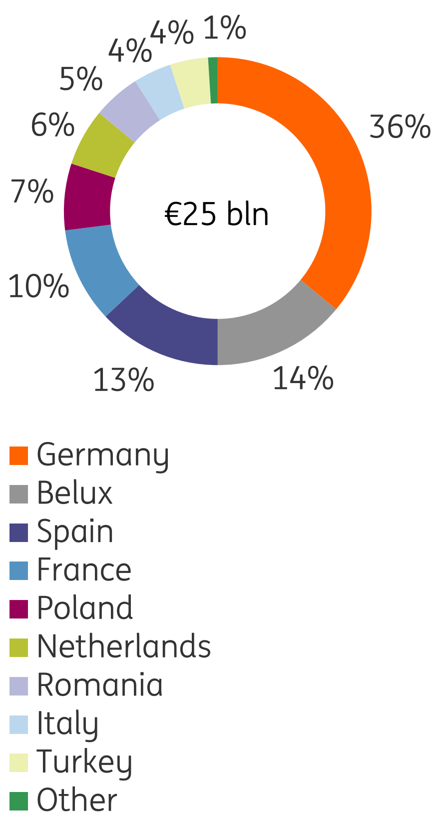
Main drivers 4Q2020

- Additions to some new and existing individual files in WB
- Collective provisioning in C&GM, mainly related to consumer lending
- Provisioning related to business lending in Belgium
- Provisioning related to CHF-indexed mortgages in Poland

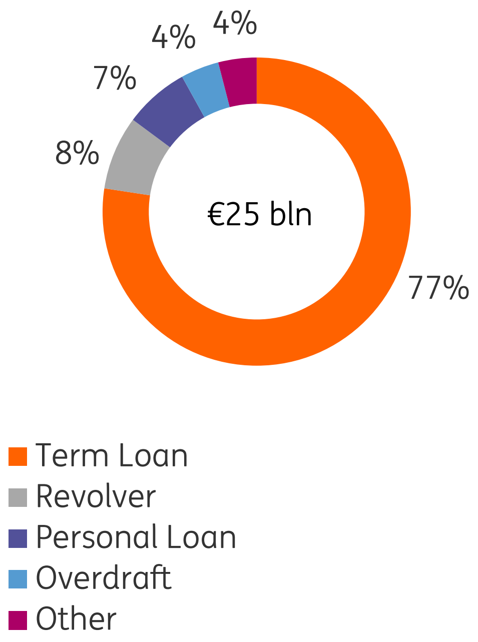
Granular Retail Consumer Lending and Business Lending

Consumer Lending – 4Q2020 Lending Credit Outstandings

By geography

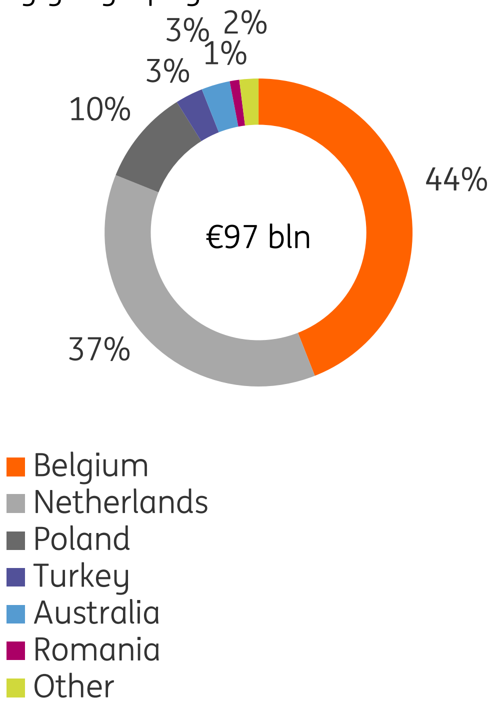


By product

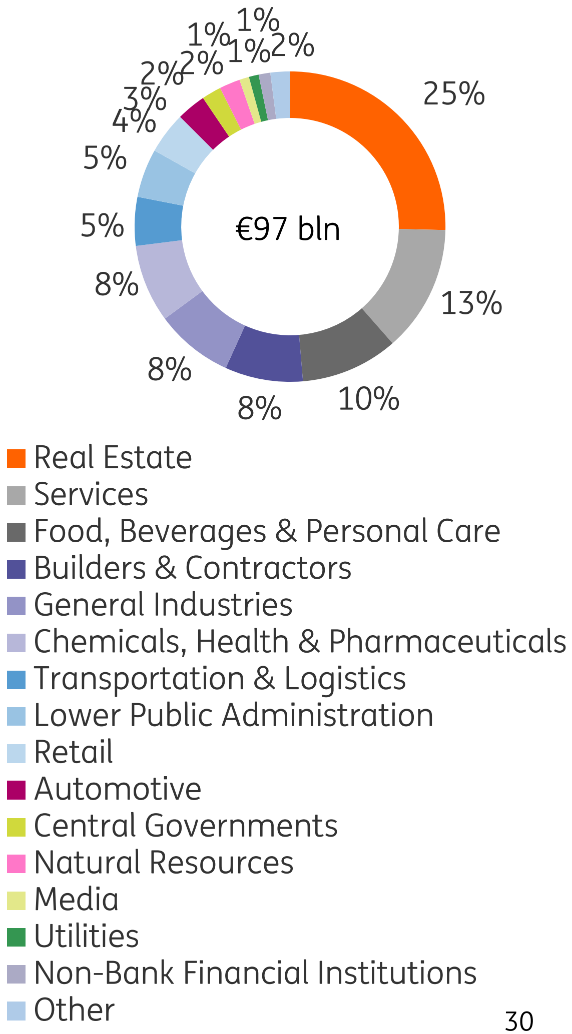


Business Lending – 4Q2020 Lending Credit Outstandings*

By geography



By sector

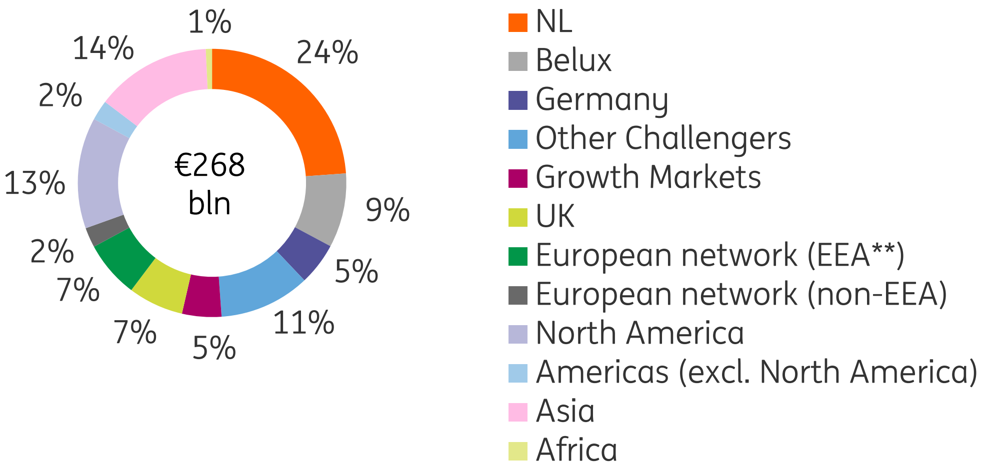


* In 4Q2020 the Real Estate Finance portfolio booked in Retail Banking (€11 bln), was transferred from Other Retail Lending to Business Lending

Granular Wholesale Banking lending

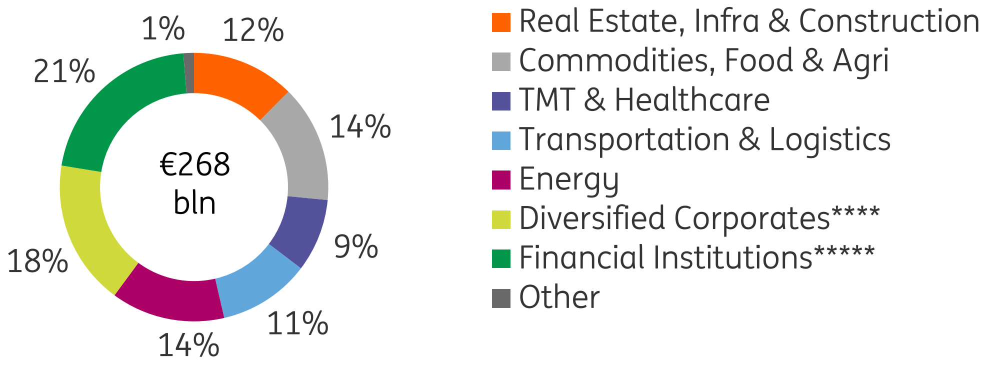
Loan portfolio is well diversified across geographies…

Lending Credit O/S Wholesale Banking (4Q2020)*

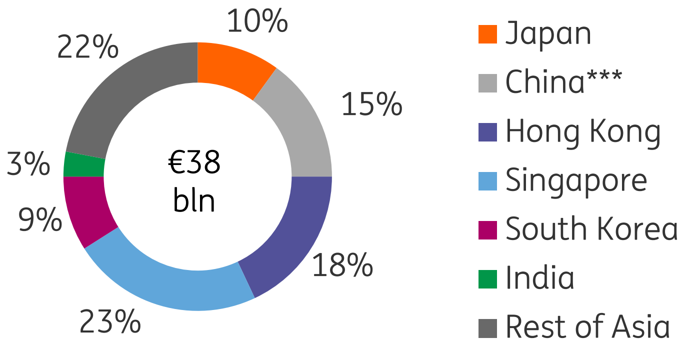


…and sectors

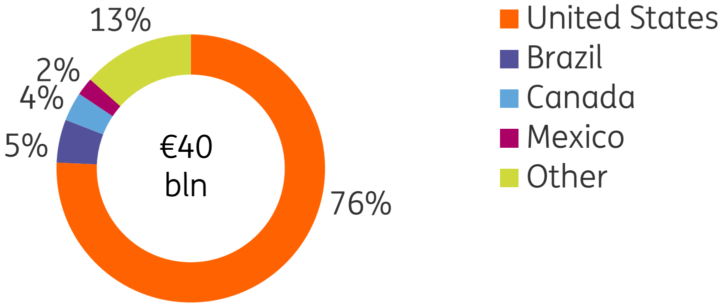
Lending Credit O/S Wholesale Banking (4Q2020)*



Lending Credit O/S Wholesale Banking Asia (4Q2020)*



Lending Credit O/S Wholesale Banking Americas (4Q2020)*



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

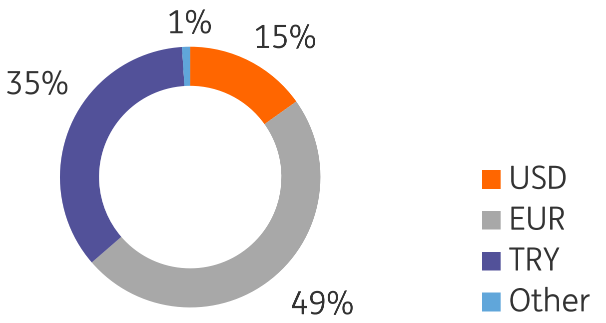
Overview Turkey exposure

Total exposure ING to Turkey* (in € mln)

	4Q2020	3Q2020	Change
Lending Credit O/S Retail Banking	**3,359**	**3,597**	**-6.6%**
Residential mortgages	416	397	4.8%
Consumer lending	924	982	-5.9%
SME/Midcorp	2,020	2,218	-8.9%
Lending Credit O/S Wholesale Banking	**5,305**	**5,292**	**0.2%**
Total Lending Credit O/S*	**8,664**	**8,889**	**-2.5%**

- Intra-group funding further reduced from €1.4 bln at end-3Q2020 to €1.3 bln at end-4Q2020
- Quality of the portfolio remains relatively strong with a Stage 3 ratio of 3.0%

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

	4Q2020	3Q2020
Stage 3 ratio	3.0%	3.4%
Coverage ratio	64%	61%

* 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. The Financial statements for 2020 are in progress and may be subject to adjustments from subsequent events. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

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