

1Q2021 Analyst call transcript
6 May 2021



Steven van Rijswijk, CEO of ING
6 May 2021



Operator: Good morning, welcome to ING's first quarter 2021 conference call. Before handing this conference call over to Steven van Rijswijk, Chief Executive Officer of ING Group, let me first say that today's comments may include forward-looking statements, such as statements regarding future developments in our business, expectations for our future financial performance and any statement not involving a historical fact. Actual results may differ materially from those projected in any forward-looking statement. A discussion of factors that may cause actual results to differ from those in any forward-looking statement is contained in our public filings, including our most recent Annual Report on Form 20F, filed with the United States Securities and Exchange Commission, and our earnings Press Release as posted on our website today. Furthermore, nothing in today's comments constitutes an offer to sell or solicitation of an offer to buy any security. Good morning Steven, over to you.

Steven van Rijswijk – CEO ING: Thank you very much. Good morning everyone and welcome to the first quarter's results call. I hope you are all in good health and I am happy to

1Q2021 Analyst call transcript

6 May 2021

take you through today's presentation. I am joined by our CFO Tanate Phutrakul and our new CRO Ljiljana Čortan. At the end of the presentation, we will take your questions.

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 in the near future
- At the same time, we continue our efforts to build a future proof company for the long term, which is reflected in our focus on continued digitalisation and ESG
- Our geographical and product diversification enables us to have stability in income and allows us to capture areas of growth as economies recover. Combined with the ongoing optimisation of our business, we are well positioned to return to an ROE in line with our 10-12% ambition
- Pre-provision result was resilient, supported by the inclusion of the TLTRO III benefit in NII, continued strong fee growth and cost control, despite margin pressure on customer deposits
- After a net decrease in 2020, net core lending grew by €17.8 bln, mainly reflecting TLTRO III eligible lending, while net deposit inflow continued to be high at €8.1 bln
- Fee growth was strong, as higher fees on investment products and daily banking packages more than compensated for the impact of the Covid-19 pandemic on fees related to payments and lending
- Risk costs were €223 mln. The Stage 3 ratio declined to 1.6% and we are confident about the quality of our loan book
- 1Q2021 CET1 ratio was stable at 15.5%, with 50% of 1Q2021 resilient net profit reserved outside of CET1 capital for distribution

2

Already for over a year we have been dealing with the pandemic and I do not think that anybody expected that we would find ourselves still in lockdown restrictions. However, with vaccination programmes underway we can also look forward to circumstances normalising again. We continue to support our customers, employees and society, focus on steering the company through challenging times, and we keep on building a sustainable company for the longer term.

Two important building blocks for that are our continued drive to digitalise and further strengthening our ESG-profile. Our performance today is also helped by our diversified business model. As we see signs of economic recovery and continue to focus on optimising our business, I believe ING is well-positioned to return to delivering our 10%-12% ROE ambition.

1Q2021 Analyst call transcript
6 May 2021

As mentioned, the pandemic continued to impact our lives, though, looking at the result, you would not necessarily think that we are still in a crisis. I am proud of the hard work put in by all colleagues, realising growth in our loan book and again a solid increase in fee income, while keeping expenses under control. After our loan book decrease in 2020 driven by the pandemic, in the first quarter of 2021 and especially in March, we have been able to return to growth. This enabled us to also fully realise the benefits of the TLTRO III programme.

In deposits, we see the impact from reduced spending ongoing for now and we continue to apply negative charging and other actions to stem this inflow. Risk costs were EUR 223 million, or 15 bps over average customer lending. Overall, for 2021 we expect to move closer at our through-the-cycle average of around 25 bps.

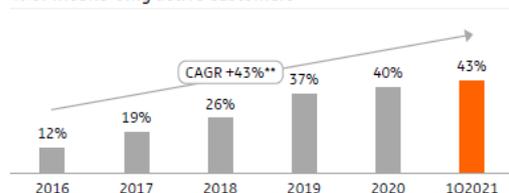
The Stage 3 ratio was lower at 1.6%. As mentioned last quarter, our track record underscores that we are a low NPL-bank and we remain confident about the quality of our loan book. The CET1 ratio was stable at 15.5% with 50% of first-quarter resilient net profit reserved for future distribution, bringing the total amount reserved for this, outside of CET1 capital, to EUR 3.3 billion.

1Q2021 Analyst call transcript

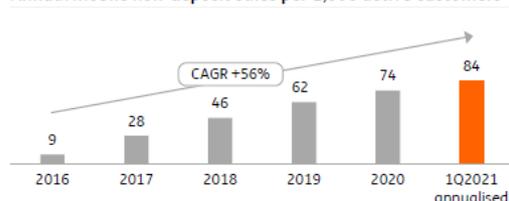
6 May 2021

We continue with our modular approach to support our digital-only, mobile-first strategy

% of mobile-only active customers*



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



* 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

Our Touch Point (TP) technology platform enables the shift from local to scalable business propositions

- TP technology offers services and modular components, that enable us to easily build and re-use propositions across ING, including
 - Unified design and user experience
 - One solution for customer authentication, consent and security
 - API & stream management solutions
 - Unified access to customer agreements and permissions
- Through this we build a scalable tech foundation, to be rolled out globally, which enables local value propositions to become global solutions
- Next step is to accelerate the implementation of the TP technology by our countries
- As we continue to make progress, we will benefit through
 - Shorter time to market, as more services are provided through TP
 - Shorter time to volume, as more apps and customers are connected

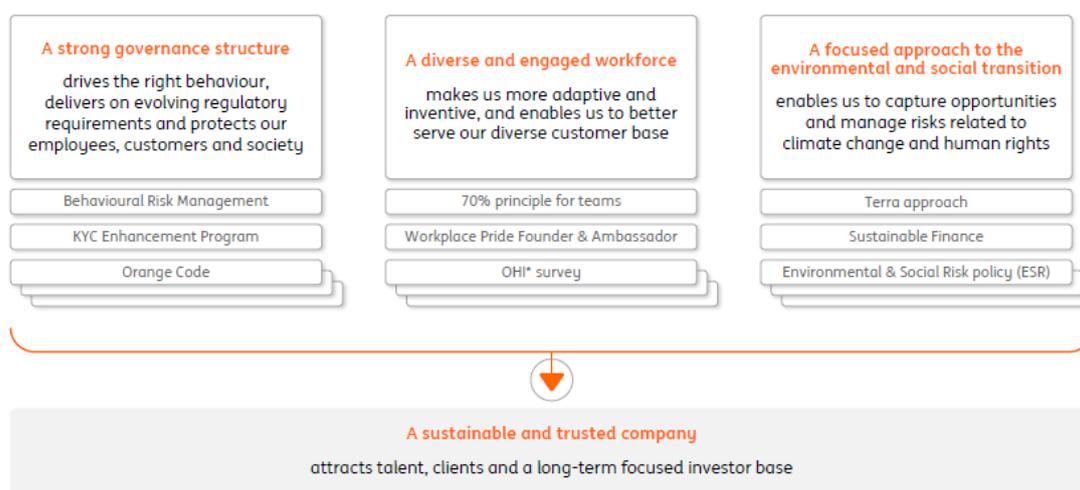
Slide 3 focuses on digitalisation. It shows the continuing trend of our customers turning to our mobile solutions, supporting the direction of our digital- and mobile-first strategy. With digital and technology being in the core of our business, we have appointed a Chief Technology Officer to our management board, separating this role from the Operations function.

An important enabler of our digital strategy is Touch Point, which I have mentioned before, but I believe it deserves more attention. When a country wants to introduce a new proposition, there is no need to start from scratch. With Touch Point, key components such as design, authentication and connectivity through API's can be taken off the shelf, making the development faster and easier. Once a proposition is developed, it can also be easily reused across ING, turning a local proposition into a globally scalable solution. And of course, this also applies for propositions which are developed for global use from the start. Again, faster and easier, as our countries do not have to reinvent the wheel.

An example of a local proposition being reused is One app. This was built using several components of the Touch Point technology after which local features were built on top, in line

with Touch Point guidance. One app is now already used by our customers in The Netherlands, Belgium and Germany and we intend to add other countries as well. Now, in some countries we need to make some adjustments to unlock the full potential of Touch Point and this is progressing, but in the end, Touch Point will help us to shorten the time-to-market and the time-to-volume, improving customer experience and results.

Our ESG focus supports a future proof ING and drives long-term value creation



* Organisational Health Index

Slide 4 covers another building block for a sustainable company and that is ESG. Last quarter I took you through the highlights of what we have done on ESG in 2020. Today, I would like to spend some time on how this translates into results.

For some ESG-topics the link is clear. For example, growing demand for sustainable finance and managing downside risk from climate change. For other topics, the link may be less tangible. Either way, I believe the link is there and I want to take you through how we believe ESG drives value, which comes down to a strong governance, a diverse and engaged workforce and a focused approach towards environmental and social topics.

1Q2021 Analyst call transcript6 May 2021

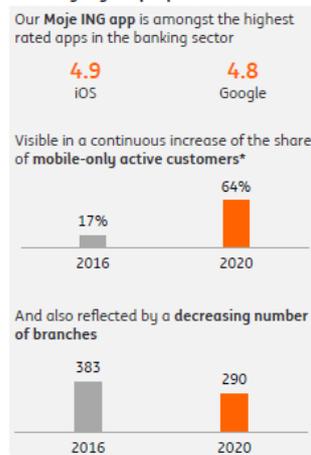
The first one is governance and that goes beyond our organisational chart. It includes our policies, processes and culture and keeps helping the bank safe, secure and compliant, For example by strengthening our management of compliance risks, by setting values and behaviours that underpin our way of working through the Orange Code, and by addressing high-risk behaviours through our behavioural risk assessments. This also includes reporting in line with ESG-disclosure standards, an area that keeps evolving and actually could do with more standardisation.

Then on people. We want to create a workplace where people feel included, with a diverse set of perspectives and backgrounds, having a workforce that reflects our diverse customer base and is better able to address their needs. Initiatives in this area include our 70% principle for mixed teams and being an ambassador of Workplace Pride, which strives for an inclusive workplace. We gain insight in employee engagement by the Organizational Health Index survey and pulse checks, and that we did more frequently in the past year. These insights also support actions to ensure that colleagues are helped with working from home.

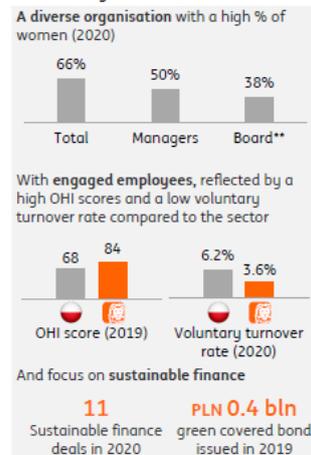
And last but not least - we have talked about it quite a lot - we focus on environmental and social transitions, which are driven by a growing sense of urgency to ensure human rights are respected and to counter climate change. Both are covered in our ESR-policy, directing how and with whom we do business. We further contribute to climate alignment through our Terra approach as well as our expertise and products in the area of sustainable finance. These topics are important to me and I truly believe this enables ING to be a sustainable and trusted company, benefitting all of our stakeholders. And of course, I do not want to claim that they were perfect in our ways. We still have work to do, and we will continue to strengthen our ESG-profile.

Future proofing the business drives performance at ING in Poland

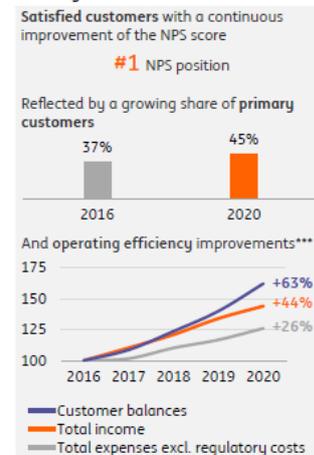
A strong digital proposition...



And scoring well on ESG factors...



Leading to excellent results



* Retail customers who used the channel at least once in the last quarter

** Based on ING Bank Śląski Management Board per 1 January 2021

*** Indexed numbers for the period 2016-2020; customer balances is the sum of customer lending and customer deposits (incl. AuM)

5

On slide 5, we highlight our business in Poland. That is one of the Growth countries where we see that good performance on digitalisation and ESG, which I was talking about, is also driving results.

If you look at digitalisation, over the years we have shared digital highlights with you in our quarterly presentations, which also included initiatives from Poland. Our strength in digitalisation is reflected in app-ratings with top scores in the sectors, and the share of mobile-only customers almost quadrupling over the past four years and you can see that on the left-hand side of your slide. To align with this shift in customer behaviour, we have reduced our branch network with almost 25% during the same period and also going forward we will continue to gradually adjust our distribution network.

On ESG, there is a high participation of women in ING in Poland across all levels. We score better than our peers in Poland on employee engagement, with a stronger OHI score, translating into a lower rate of employees who voluntarily leave ING.

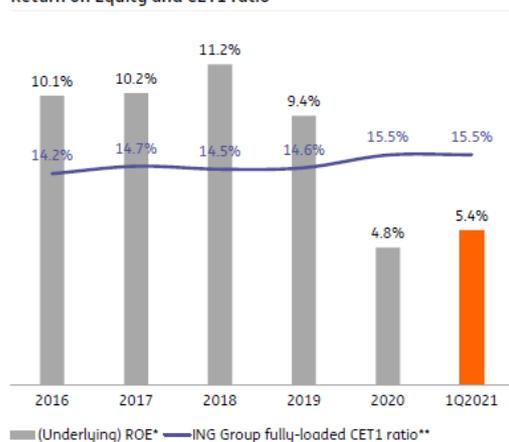
1Q2021 Analyst call transcript

6 May 2021

On sustainable finance we are also active in Poland, with 11 deals in 2020. All of this led to a number 1 NPS position, measured against our main peers in the market. We have a growing share of primary customers, reaching a high level of 45% of total customers. All supporting strong financial results with operating efficiency clearly visible when comparing both income and customer balances to our operating expenses. Overall, I am very happy to say that efforts to future proof our business in Poland are really paying off.

Our 10-12% ROE ambition

Return on Equity and CET1 ratio



* Four-quarter rolling average; 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%
- 2020 ROE was affected by several factors, including sizeable incidental expenses and IFRS 9 provisioning
- This quarter had lower risk costs and limited incidental expenses, driving the improvement of four-quarter rolling average ROE in 1Q2021
- Additionally, we have the intention to over time align our capital with our CET1 ratio ambition of ~12.5%
- A return to loan growth, continued fee growth and increased charging for (actual) operating costs will also support ROE recovery from the income side
- Furthermore, we optimise our business through the ongoing business review, with new announcements in 1Q2021
 - Discontinuation of retail banking activities in the Czech Republic and Austria
 - A restructuring of the branch network and the retail advice organisation in the Netherlands
- Going forward, we will continue to critically review our businesses applying four lenses, being the general attractiveness of a business or market, scale, profitability and benefits to the group

6

Slide 6 is about ROE. I reiterate that we look at ROE through-the-cycle. In 2020, ROE was impacted by several factors, such as some sizeable incidental costs and Covid-related effects on income and provisioning. Already this quarter, with lower risk costs and less incidental items, ROE improved to 5.4% on a four-quarter-rolling average basis and to 7.8% for this quarter.

Looking forward, ROE will be further supported by the return of loan growth, charging for actual account costs and continued discipline on controllable expenses, while we intend to reduce capital over time.

1Q2021 Analyst call transcript6 May 2021

Getting back to our ROE ambition level will take some time. How much time will also depend on factors beyond our control, such as a recovery of economic activity and prevailing ECB recommendations on distributions. But we continue to take action on things that we can control, such as optimising our business. In the first quarter, we announced that we are discontinuing our Retail Banking activities in the Czech Republic and Austria and in The Netherlands, we are further aligning the organisation to the accelerated use of digital solutions by our customers.

I often get the question how far we are with the review or when it will be done. My answer is that we will always be looking where we can best deploy our capital, people and time. And in reviewing our business, we focus on market and business attractiveness, potential for scale, potential for profitability and whether there is a broader benefit for the Group.

1Q2021 results

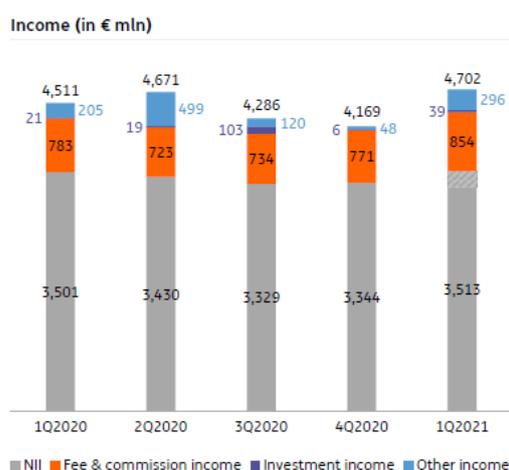
7

Let me take you through the first quarter results, starting at slide 8.

1Q2021 Analyst call transcript

6 May 2021

Income supported by strong fee income



- Higher total income YoY primarily reflected another strong quarter for fee income, mainly driven by investment products
 - NII included a €233 mln TLTRO III benefit as the eligible loan growth target was met
 - Other income was higher due to positive valuation adjustments and improved trading results, while 1Q2020 was affected by market volatility due to uncertainty caused by the Covid-19 pandemic
- Sequentially, total income was higher, with increases visible in both NII, which included the TLTRO benefit, and fees
 - Higher fees were driven by continued growth in investment products and higher lending fees
 - Other income was higher due to positive valuation adjustments and improved trading results, while 4Q2020 included a €58 mln negative impact from an indemnity receivable in Australia, as well as negative valuation adjustments and hedge ineffectiveness

8

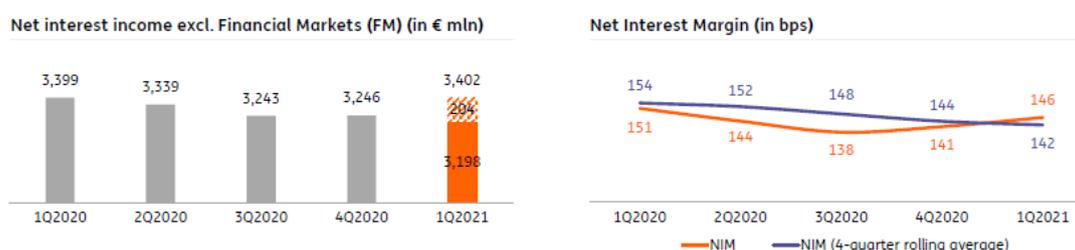
In the first quarter, total income was up year-on-year, with another strong quarter on fees. NII was slightly higher, which included the EUR 233 million TLTRO III benefit as we met the eligible lending target as of March 31. Other income was up as well, with the year-ago quarter also including some negative impact from market volatility that we saw at the end of that quarter, driven by the pandemic.

Also, sequentially total income was higher, driven by both higher fees and NII, again including the TLTRO benefit I just mentioned. Also, other income was up, with improved trading results and partly as last quarter included the impact from an indemnity receivable in Australia.

1Q2021 Analyst call transcript

6 May 2021

TLTRO III target met; 4-quarter rolling average NIM at 142 bps



- NII excluding FM was stable compared to 1Q2020, supported by €204 mln of TLTRO III benefit (€29 mln was booked in NII FM) as at 31 March the eligible loan growth target was met. Excluding this benefit, NII was affected by pressure on customer deposit margins, while customer deposits continued to increase. At stable lending margins, lending NII reflected lower average lending volumes. Furthermore, FX had a significant impact YoY
- Sequentially, NII excluding FM and the TLTRO benefit was mainly impacted by the aforementioned pressure from customer deposits. Lending NII was affected by day-count impacts, higher levels of mortgage refinancings and prepayments during 2020, and lower average lending volumes. The latter mainly reflected a lower need for working capital
- 1Q2021 NIM was 146 bps, up five basis points from 4Q2020. This was fully driven by the inclusion of the TLTRO III benefit, resulting in a 10 basis points increase, which compensated for an increase in the average balance sheet and liability margin pressure

9

Slide 9 shows you NII. In previous quarters, we addressed some pressure on the net interest income from the current market conditions which affected the levers that we generally use to counter the impact from the low-rate environment. This quarter that pressure is still visible, despite the fact that we are reporting strong loan growth and that swap rates improved. Just to clarify, the majority of our loan growth was realised in the course of February and in March, so it is not fully visible in NII for the first quarter.

On swap rates, yes, they improved, but are still well below the five-year rolling average. And we reinvest in maturities which can range from overnight to over ten years. For illustrative purposes you could say that we invest approximately 20% of our replicating portfolio every year, so an improvement will come over time. As we said before, we benefit most from a steepening yield curve in the medium durations.

NII excluding Financial Markets was up year-on-year. However, when we also exclude the TLTRO III benefit, NII was a bit lower. This reflects continued pressure on liability margins, while deposit inflows have been substantial. Lending margins were stable, however at lower

1Q2021 Analyst call transcript

6 May 2021

average lending volumes. Year-on-year impact from foreign exchange was also visible, with lower interest results on foreign currency ratio hedging and a negative impact from the devaluation of some foreign currencies.

Compared to the previous quarter, NII excluding Financial Markets and the TLTRO III benefit was impacted by the aforementioned pressure on liability margins and lower lending volumes. Also, we saw some impact on NII from mortgages, driven by a higher level of prepayment and refinancings in the previous quarters.

Our NIM increased by 5 bps this quarter to 146 bps. This was fully driven by TLTRO, compensating for a higher average balance sheet and continued pressure on the liability margin.

Net core lending largely reflects TLTRO III eligible lending



- Net core lending increased by €17.8 bln in 1Q2021
- Retail Banking was €2.7 bln higher. Mortgages grew by €2.8 bln, due to continued growth in Challengers & Growth Markets (primarily in Germany, Poland and Spain), whereas other retail lending declined by €0.1 bln
- Wholesale Banking increased by €15.1 bln, mainly in Financial Markets (€7.5 bln) and Lending, which included TLTRO III eligible lending
- Net customer deposits increased by €8.1 bln

* C&GM is Challengers & Growth Markets; WB Other includes Financial Markets

** FX impact was €4.0 bln and Other €-0.8 bln

10

Slide 10 shows Net core lending. An overall strong growth this quarter, mainly reflecting also the TLTRO eligible lending. In Retail, mortgage demand remained strong, especially in Germany, Poland and Spain, driving growth in core lending of EUR 2.7 billion. In Wholesale

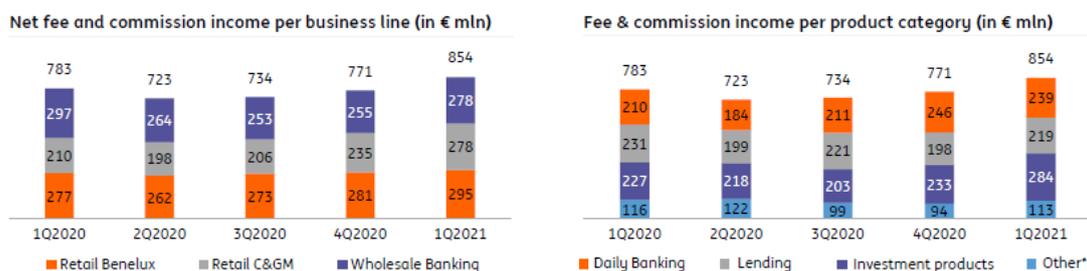
1Q2021 Analyst call transcript

6 May 2021

Banking, growth was mainly visible in Lending and Financial Markets, primarily driven by TLTRO. And as mentioned during last quarter's call in February, the loan pipeline then looked tight with also uncertain repayment levels. We came from a point below the threshold, but with limited repayments that we then saw and a high loan pipeline conversion in the course of February and March, I am happy that we grew sufficiently to meet the target. We managed this without changing our risk appetite, with Lending almost fully extended to investment grade companies.

Net customer deposits increased with EUR 8.1 billion, driven by EUR 4.8 billion in Retail and EUR 3.3 billion in Wholesale Banking. Last quarter, we said that the negative loan growth we saw in 2020 was a non-structural shift and that we expect loan growth to return when the uncertainty subsides. The strong loan growth in March may include some pull-forward effects. Should the loan demand return more structurally as economies open up, then we are well-positioned to capture growth and support our customers.

Continued strong fee growth in Retail Banking



- Compared to 1Q2020, overall fee growth was 9%
 - In Retail Banking, fee growth was 18%, driven by investment products as assets under management and the number of new accounts and trades increased. Daily banking fees benefitted from higher package fees, while the number of payment transactions remained subdued due to the Covid-19 pandemic
 - Fees in Wholesale Banking were down, driven by lower lending fees with less activity in syndicated deals, which was partly compensated by TCF and higher fees in FM
- Sequentially, fees grew by 11%. In Retail this was in line with year-on-year developments and despite a full quarter of stricter lockdown measures. In WB fees increased driven by higher fees in FM

* Other includes insurance products and Financial Markets

Slide 11 shows the fee story and that is a good story. The year-on-year fee income grew by

1Q2021 Analyst call transcript

6 May 2021

9%, driven by Retail fees, which were up 18%, and in investment products fees were even 25% higher, reflecting increases in assets under management, new accounts and a higher number of trades. Daily banking fees grew with 14% as the increase in daily banking package fees absorbed the impact of a lower level of payment transactions, which remained subdued.

In Wholesale Banking, fees decreased year-on-year, mainly driven by less activity in syndicated lending, which activity was very strong during the first two months of 2020. This was partially compensated by higher fees in Trade and Commodity Finance and Financial Markets.

Sequentially, Retail grew by 11%, driven by the same factors as year-on-year growth and Wholesale Banking was up 9%, mainly due to the Financial Markets activity.

Operating expenses under control

Expenses (in € mln)



- Expenses excluding regulatory costs were up YoY, mainly driven by €84 mln of incidental items, reflecting redundancy and restructuring costs related to the announced measures in the Netherlands and the Czech Republic
- Excluding incidental items, expenses were 1.6% higher as cost savings and lower costs for 3rd party staff only partly compensated for CLA-related salary increases and higher IT expenses, while 1Q2020 included a significant VAT refund
- Sequentially, when excluding regulatory costs and incidental items, expenses were 0.7% lower, mainly driven by lower expenses for IT, advisory and marketing, while 4Q2020 included a significant VAT refund
- Regulatory costs were €61 mln higher YoY, reflecting a higher SRF contribution. QoQ regulatory costs were €256 mln higher, as the annual contributions to the SRF and Belgian DGS are fully paid in the first quarter of each year. This also applies to the annual Belgian bank tax, while 4Q2020 included the annual Dutch bank tax

* Formal build-up phase of Deposit Guarantee Schemes (DGS) and Single Resolution Fund (SRF) should be completed by 2024

** Incidental expenses as included in volatile items on slide 19

Slide 12 shows the expenses. I would particularly like to highlight the orange bars. Expenses this quarter included EUR 84 million of incidental costs included in volatile items, reflecting provisions related to the measures that I just mentioned and that we announced earlier for

1Q2021 Analyst call transcript

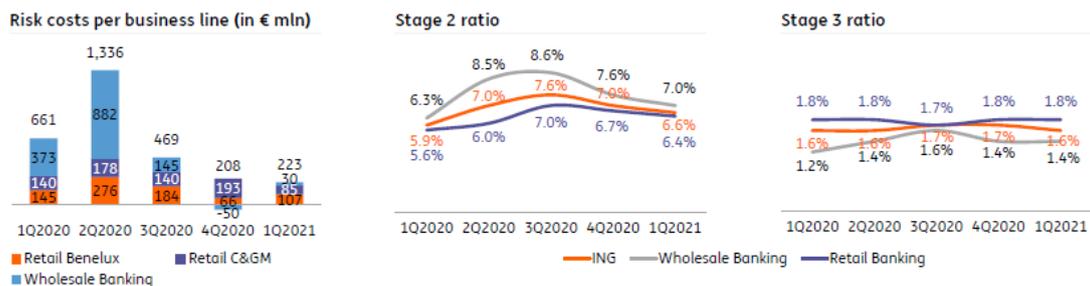
6 May 2021

Retail in The Netherlands and the discontinuation of the Retail banking activities in the Czech Republic. If you exclude these incidentals and regulatory costs, operating expenses were under control, just slightly higher year-on-year, but lower quarter-on-quarter, as we fully absorbed the CLA-increases and higher IT-expenses while both comparable quarters also included significant VAT refunds.

Regulatory costs are seasonally high in the first quarter, as they include the full payment of Belgian bank taxes as well as the annual contributions to the Single Resolution Fund and the Belgian Deposit Guarantee Scheme. Year-on-year, this contribution increased due to the strong growth of covered deposits that we have seen in 2020.

We will of course continue to monitor these developments, critically review our activities and expenses, and act when and where needed.

Risk costs remain below the through-the-cycle average



- 1Q2021 risk costs were €223 mln, or 15 bps of average customer lending, below the through-the-cycle average of ~25 bps. This included a €593 mln management overlay, reflecting uncertainty related to the Covid-19 pandemic and an expected delay in credit losses. The overlay fully offset €537 mln of releases driven by a macro-economic model update. The resulting €56 mln impact on risk costs was allocated to the segments with Retail Benelux €104 mln, Retail C&GM €11 mln and WB €-59 mln
- In Retail Benelux, risk costs were further driven by business lending, reflecting an increase in the watchlist (Stage 2) and additions to some individual files in Stage 3. Risk costs in Retail C&GM reflected collective provisions, mainly in Poland, Spain and Romania. Risk costs in WB included a few individual additions, primarily in the Netherlands and Germany
- The Stage 2 ratio declined to 6.6%, mainly driven by a macro-economic model update. The Stage 3 ratio decreased to 1.6%, due to lower Stage 3 lending credit outstandings in Wholesale Banking

13

Then onto asset quality on slide 13. Risk costs were EUR 223 million or 15 bps of average customer lending, well below the elevated levels we have seen in 2020 and also below our

1Q2021 Analyst call transcript6 May 2021

through-the-cycle average of around 25 bps. This amount includes a EUR 593 million management overlay, primarily in Stages 1 and 2, which compensated for a EUR 537 million release driven by updated macroeconomic models, and net-net that results in an impact of EUR 56 million. This mainly reflects an increase in Retail Benelux, with additional collective provisioning for vulnerable sectors and clients affected by Covid-19 in Belgium, whereas in Wholesale Banking there was a release.

Aside from the allocation of the management overlay, in Retail Benelux risk costs mainly reflected some additions to individual files and clients moved to watchlist in mid-corporates. In Retail Challengers and Growth Markets, risk costs reflect collective provisioning, mainly in Poland, Spain and Romania. Wholesale Banking Stage 3 risk costs included some additions to new Stage 3 files, primarily in The Netherlands and Germany, but these were small.

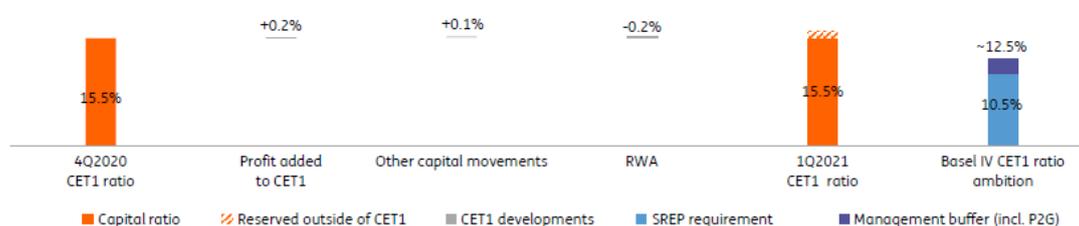
The low Stage 2 ratio reflects macroeconomic model updates. The Stage 3 ratio of the Group was slightly lower, coming from 1.7% to 1.6% and continues to reflect the strength of our loan book.

1Q2021 Analyst call transcript

6 May 2021

Strong ING Group CET1 ratio at 15.5%

ING Group CET1 ratio development (in %)



- The 1Q2021 CET1 ratio was stable at 15.5%. 50% of the 1Q2021 net profit has been reserved outside of CET1 capital for future distribution, in line with our distribution policy. In total €3.3 bln remains reserved for distribution
- CET1 capital was €0.8 bln higher, mainly reflecting the addition of 50% of the 1Q2021 net profit and €0.3 bln FX impact
- RWA increased by €4.7 bln, mainly due to €2.3 bln FX impact and €3.3 bln higher credit RWA. The latter was primarily a result of higher lending volumes, which were partly offset by a better overall profile of the loan book. Market RWA decreased €1.1 bln mostly due to reduced exposure, while operational RWA were €0.2 bln higher due to a regular external data update

14

Slide 14 shows how our CET1 ratio developed., which was stable at 15.5%. The CET1 capital was EUR 800 million higher, which included EUR 0.5 billion or 50% of net profit for the quarter, as the other 50% was reserved for future distribution, in line with our policy. The remaining increase was driven by the foreign exchange impact.

The RWA increased, mainly driven by the aforementioned foreign exchange impact and the higher credit RWA primarily reflecting higher lending volumes, partly offset by a better overall credit profile of the loan book. Market RWA was down mainly due to the lower exposures as markets normalised, while operational RWA increased due to the technical updates to our AMA model.

1Q2021 Analyst call transcript

6 May 2021

ING Group financial ambitions

		Actual 2020	Actual 1Q2021	Financial ambitions
Capital	▪ CET1 ratio (%)	15.5%	15.5%	~12.5%* (Basel IV)
	▪ Leverage ratio (%)	4.8%	4.6%	>4%
Profitability	▪ ROE (%)** (IFRS-EU Equity)	4.8%	5.4%	10-12%
	▪ C/I ratio (%)**	63.2%	63.6%	50-52%
Dividend	▪ Dividend (per share)	€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 March 2021, this amounted to €3,301 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 1Q2021 resilient net profit

*** Final dividend

**** Of resilient net profit

15

As you can see on slide 15, both the CET1 ratio and Leverage ratio are ahead of our ambitions. ROE, as mentioned earlier, is below our ambition in the current environment, but we have already seen an improvement versus the previous quarter to 7.8%. With the supporting facts that I mentioned, we maintain our ambition and very much intend to continue to provide an attractive total return. Our C/I ratio was impacted by factors such as the negative rate environment, regulatory costs and Covid-19 impact on lending growth. In the last four quarters some sizeable incidentals also affected this metric in both income and cost. To reiterate, cost/income does remain an important input for ROE and we continue to work on our ambition of 50% to 52%. As for dividend, in February we paid a delayed interim dividend over 2020 of EUR 0.12 per share, which was declared final at our Annual General Meeting. We currently have an amount of EUR 3.3 billion reserved outside our CET1 capital for distribution after 30 September 2021, subject to prevailing ECB recommendations. More details about that can be found on slide 20 in the Appendix of this presentation.

1Q2021 Analyst call transcript
6 May 2021

Wrap up

16

Wrap up

- We continue our efforts to build a future proof company for the long term, which is reflected in our focus on continued digitalisation and ESG
- Our geographical and product diversification enables us to have stability in income and allows us to capture areas of growth as economies recover. Combined with the ongoing optimisation of our business, we are well positioned to return to an ROE in line with our 10-12% ambition
- Pre-provision result was resilient, supported by the inclusion of the TLTRO III benefit in NII, continued strong fee growth and cost control, despite margin pressure on customer deposits
- 1Q2021 CET1 ratio was stable at 15.5%, with 50% of 1Q2021 resilient net profit reserved outside of CET1 capital for distribution

17

Then to wrap it up with the highlights of the quarter.

1Q2021 Analyst call transcript6 May 2021

While we focus on steering the company through the challenges posed by the pandemic, we keep our eye on building a sustainable company for the longer term with two important building blocks. These are our continued drive to digitalise and further strengthening our ESG profile, which will support a future proof ING, reflected in a continued strong financial performance.

Our performance today is also helped by our diversified business model. As we see signs of economic recovery and continue to focus on optimising our business, I believe ING is well-positioned to return to delivering on a 10% to 12% ROE ambition.

Our results remain really resilient in the midst of a crisis. This quarter we managed to grow our loan book, fully realising the TLTRO III benefits, and continue solid growth on fee income, while keeping expenses under control.

While negative rates give continuous pressure, we see our levers that support NII strengthening. We also expect to continue to grow our fee income by 5% to 10% for the year and you saw good evidence of that already in the first quarter.

The CET1 ratio was stable at 15.5% with 50% of the first quarter resilient net profit reserved for future distribution, bringing the total amount reserved outside of CET1 capital to EUR 3.3 billion.

With that, I open up for questions.

Operator: Thank you, sir. We are starting the Question & Answer session now. If you have a question or remark, please press *1 now on your telephone. In the interest of time, we kindly ask each analyst to limit themselves to two questions only. Go ahead please.

1Q2021 Analyst call transcript
6 May 2021

- **Stefan Nedialkov – Citigroup**

Thank you very much. Good morning. Steven, you mentioned that the NII drivers are strengthening into the remainder of 2021. Could you give us some more colour on what is strengthening?

And related to that, the TLTRO benefit that you managed to book in 1Q. You mentioned most of the lending happened in March, what does that mean for loan growth for the remainder of the year and in terms of meeting the next benchmark for the second edition of TLTRO III? Should we expect a slowdown from here and what will that mean for meeting the second benchmark of TLTRO?

Related to NII as well, the EUR 100,000 deposit threshold for The Netherlands that you are going to start charging negative rates on and EUR 250,000 Belgium. Could you quantify the base of the deposit that you will be charging negative rates on? What benefits should we expect going forward?

Steven van Rijswijk – CEO ING: Thank you very much, Stefan. With regards to the NII drivers that are strengthening, first of all you have seen the TLTRO benefit in the first quarter and the remainder of that will come in the second quarter. Thereafter, we are going into a next stage of TLTRO, at this point, we are confident that we can also benefit from TLTRO in the four quarters thereafter. That means an approximate amount of EUR 75 million per quarter for the next five quarters. So that is one.

Two: if you look at the negative charging measures that we announced in 2020 and 2021, if you look at that on an annualised basis, assuming no change in customer behaviour, that would give an increase of EUR 230 million per annum.

A third lever is of course loan growth. We already see increased activity in Asia and in the Americas in Wholesale Banking. We also see continued mortgage growth in C&G countries.

1Q2021 Analyst call transcript6 May 2021

Of course, when the economy picks up it will also mean that in terms of the working capital users in the Wholesale Banking but also in the mid corporate and SME based, will return as well.

Maybe to complement my comment on negative charging: if you look at this year's impact on NII, that is EUR 200 million because some of the measures were only announced earlier this year and will only have effect later this year.

You ask what the loan growth in March means for the rest of this year. Clearly, we see economic activity picking up, like I just mentioned, but of course there was some pull-forward with the TLTRO eligible lending. So, we will need to look at the recovery of economic activity, because in the end it is loan growth that is being helped by economic activity that then will pick up which we hope that will happen in the course of 2021. Like we said, 2020 was a non-structural shift. The FM part of loan growth is probably going to be short-term. Those were liquidity facilities that were used for TLTRO III.

On the deposit base for negative interest rate in The Netherlands I give the floor to Tanate.

Tanate Phutrakul – CFO ING: As mentioned, we do not disclose the actual volume that is subject to this NIR, but you could imagine that over 95% of our customer base are not affected by this. As Steven has mentioned, with all the actions already taken in 2020 and 2021 we expect that if customer behaviour goes as planned, we will benefit approximately EUR 200 million. Just to remind you, we also gave you a number for last year of EUR 80 million, so the net impact this year of negative charging is approximately EUR 120 million.

- **Robin van den Broek – Mediobanca**

1Q2021 Analyst call transcript6 May 2021

Good morning, gentlemen. Steven, you went very quickly through the last question. The EUR 230 million per annum you alluded to was that related to the NII that is still coming through from the corporate loan growth that you have written at the end of Q1? That is more a follow-up question.

The second question is on the cost of risk. The last few quarters you have been taking management overlays to basically offset the impact that models would suggest. I was wondering to what extent you can keep doing this and to what extent should they start to affect your cost of risk guidance for the year? I appreciate that there might be a delay in seeing the visibility from the pandemic from 2021 towards 2022.

In relation to that, when it comes to capital return, for regulators this might become an issue to open up the doors completely to allow capital return to reach the ambitious levels that most banks are trying to sketch. To what extent you think that that picture could be compromised by the lack of visibility basically later in the year?

Steven van Rijswijk – CEO ING: Thank you very much, Robin. I will take the first and the third question. The second question I will give to Ljiljana.

On the first question: no, the EUR 230 million I was alluding to was the annualised impact of the negative charging of interest rates. So, this year we say it is EUR 200 million, but annualised, if you take all the measures, it will be EUR 230 million. That has nothing to do with the loan growth. To come back to your point: because we realised most of the loan growth only in March, the NII benefit from that we have not really seen as yet, that will come in the second quarter and thereafter.

Robin van den Broek – Mediobanca: Is it fair to assume a similar margin on that? I was just wondering if you could allude a little bit on the margin we should expect on that pretty sizeable loan growth in March for the remainder of the year.

1Q2021 Analyst call transcript
6 May 2021

Steven van Rijswijk – CEO ING: We typically price all our deals to our standard sanity checks so they need to make the applicable returns. It is a variety of companies in different sectors. We keep the margins quite stable in Wholesale Banking. That also goes for the loans that we see here.

To the extent that capital return on ECB recommendations can be hampered, I do not want to speculate. Until now we have been made to understand that the ECB will come out in September with further guidance. Until now that has been reconfirmed. We have no other indications that contradict that whatsoever.

Ljiljana, on the risk costs. It is your first quarter.

Ljiljana Čortan – CRO ING: Good morning, everyone. The risk costs for the first quarter this year were approximately 15 bps of our average customer lending, which is far below our through-the-cycle average of 25 bps. You will remember our guidance for 2021, which is definitely below 2020 risk costs, as well more towards the through-the-cycle average. At this point in time, we would not change our guidance because in the first quarter we do further prudent provisioning based on the fact that there is still some uncertainty in the countries that we are present and we do see all around the world a difficult pick-up of economies. Probably, the second quarter will be a time to reassess our policies and to eventually change the guidance.

Robin van den Broek – Mediobanca: Thank you. Maybe one follow-up on the loans: you have written in March, there is no compromise whatsoever to meet the benchmark. That is what I got from your answer. Is that right?

Steven van Rijswijk – CEO ING: First of all, there is no compromise in our risk standards. We have not changed our risk guidance. Clearly, 90% of those loans are investment grade, so in that sense we do it with companies we want to bank with. There is no compromise in that sense.

- **Thomas Dewasmes – Goldman Sachs**

Thank you and good morning. Thank you for the presentation. My two questions are on NII and fees.

On NII: given that you just confirmed that you have pretty much secured the bonus rate until the second quarter of 2022, that you are now giving a new guidance on negative rates for deposits and that you are returning to volume growth, is it fair to assume that the fourth quarter 2020 was a sort of local trough in NII until the end of 2022? On your earlier comments in your presentation on deposit margin and where the rate curve is and medium-term maturities: can we assume that perhaps 2023 should be the year where you are going to see the strongest impact, given where the swap rates were in 2018 but that they should improve after that point?

My second question on fees relates to the news in Germany. I think you charge fees for new accounts only. Can you confirm that the recent ruling by the Federal Court on general terms and conditions for banking accounts should not affect you?

Steven van Rijswijk – CEO ING: I will take the question on fees and part of the question on NII in terms of the confidence level because you made a remark about that. The 2023 question will be answered by Tanate.

First on fees: I think that you are alluding to the Court ruling in Germany. For ING I can confirm that we are only charging fees on new accounts.

You mentioned that we already have the TLTRO second phase in the bank for the next five quarters. That is not what I said. I said: on the first phase of TLTRO we still have a quarter to go and that we will book, because we made the thresholds. Then you will get into a second phase of TLTRO and there we are confident at this point in time, as we will book by the quarter,

1Q2021 Analyst call transcript
6 May 2021

contrary to what we did with the first phase of TLTRO. That would mean an additional EUR 75 per quarter for the next four quarters thereafter. Therefore, at this point we anticipate booking approximately EUR 75 million per quarter for the next five quarters.

Tanate, swap rates in 2023.

Tanate Phutrakul – CFO ING: If you look at our liability margin compression, there are three elements to consider. Clearly, the replication is negative because of the curve and the duration of roughly five years. So, that pressure is still there. As we mentioned before, there can be some volatility from quarter to quarter, depending on the replicated tranches that come due. Another potential downside is the deposit growth, which is something we are trying to manage, we are encouraging our depositors to look at alternative savings products, like investment funds, because the more deposits come in that could pressure our net interest income over time. The third is that we do see the fact that the curve is moving up, that the 3-, the 5- and the 7-year curve is getting better. I do not think it will have a material positive impact in 2021, but if the curve stays the way it is that material improvement should start being visible in the numbers starting in 2022 and certainly in 2023.

Thomas Dewasmes – Goldman Sachs: Steven, I think we were saying the same thing actually. I understood your comments perfectly. Can I follow up on the absolute level in your euro billions for the loans? Is the threshold for the second bonus rate lower than it was for the first one, given the dynamics you have seen until last year on volume growth?

Tanate Phutrakul – CFO ING: Let me take that one on the measurement. The measurement for the second tranche is from October 2020 until the end of 2021. So, the measurement point is different. If you look at where we were in October, we think we have a somewhat higher confidence of achieving the second tranche where on the first one we said it was tight and already late in the quarter.

1Q2021 Analyst call transcript
6 May 2021

- **Raul Sinha – JP Morgan**

Good morning all. Maybe one follow-up on loan growth. The concern might be that there is a lot of one-off tight loan growth in March. I am trying to understand how much of the loan growth in March actually reflected a genuine pick-up in demand. In this context I just wanted to flag HSBC, for example, one of the other banks did disclose a monthly demand picked up to almost twice the level of the normal run rate from its global commercial clients. Is that something in line with what you have seen from your clients in March? Are you trying to get a sense of how much of March was actually demand-driven versus the push that you had towards TLTRO?

Steven van Rijswijk – CEO ING: Thanks, Raul. There are two elements to that. The largest part of the loan growth in Wholesale Banking was linked to TLTRO. So that is a large part of that amount in Wholesale Banking. What we also do see is some pick-up in Trade & Commodity Finance and in Lending across the globe. Trade & Commodity Finance was also helped by more exports and that helped volume, but also by the dollar and by the oil price. With regards to other companies, you see increased economic activity, mainly coming from Asia and the Americas, and gradually you see it picking up in Europe as well. If you look at TLTRO, in the end it is also companies that do require those loans. But part of it can be seen as a sort of a pull forward that they are gradually ramping up their investments again, but they are now going back to the market earlier also because we were in touch with them to actually get those loans in now. And then I look at mortgage demand: that remains strong with a EUR 2.7 billion growth in the various markets across the globe.

Raul Sinha – JP Morgan: I have a second question if I may, on Poland, given you very helpfully put the spotlight on that. Obviously, the business seems to perform really well. I was wondering what your thoughts are on the structure of how Poland sits within the ING Group. Obviously, it is one of the markets separately listed. Obviously, it trades to a big premium to ING. Is that something that you see is perhaps more relevant for some of your other Challengers & Growth Markets which might be [indiscernible]?

Steven van Rijswijk – CEO ING: I am sorry, Raul, what is more relevant for other growth markets?

Raul Sinha – JP Morgan: the fact that Poland is separately listed. Is that something you also might be looking at in terms of your other Challengers & Growth Markets?

Steven van Rijswijk – CEO ING: I got the question, thank you. It was a legal requirement that there be a separate shareholding and a separate listing for that group. That is a regulation in Poland. That is not something that we did when we acquired the business many years ago. It is part of being a bank in Poland. But ING Poland, as any other bank, is complete part of our franchise and is also using all the building blocks including the Touch Point architecture technology that I talked about in the slide that I presented.

- **Benjamin Goy – Deutsche Bank**

Hi, good morning. One question on costs. The first quarter had a rather tough comparison. It should be easier from Q2 onwards. Should we expect operating expenses to be flattish to down, as in line with your comments over the last conference calls? And secondly, you reiterated your financial ambitions. I am just wondering, in this still negative interest rate environment, 50% to 52% cost/income ratio is not easy for almost all banks in Europe. Conceptually, could it be that you come out higher, but the loan losses should be sustainably lower, leading to your ROE ambition? Or is that something you would not consider?

Steven van Rijswijk – CEO ING: Let me start with the second question. Conceptually, a lot is possible. We are looking to our ROE through-the-cycle. We also look at our risk costs through-the-cycle, which we currently look at being 25 bps as we have experienced that over the past

1Q2021 Analyst call transcript6 May 2021

twelve years. In that setting we have set the target of 50% to 52%. I am not projecting a lower across-the-cycle risk costs level to compensate for other cost level, if that is what the question was. That is not the case. We are currently not there, but we are working towards that. Your first question was: should we expect operating expenses to go down in the second quarter? The answer is yes.

- **Farquhar Murray – Autonomous**

Good morning. Two questions if I may. My main question is on the German Court decision. You answered the bulk of that. Just to complete it, can we conclude that there is essentially no silent consent discussion at ING DiBa? Are you essentially clean on that? My second question is some detail around the surge of lending in the first quarter. I fully understand the kind of rational incentives around that, but might you have the split of durations of that lending, just to get a sense of how much of that is short-term versus longer? Presumably, the margin on that lending is lower than average. Is that fair?

Steven van Rijswijk – CEO ING: To be absolutely crystal clear about the first question. There is no silent consent decision and discussion in Germany.

Then on the second question. If you look at the duration of lending in the first quarter, it is about 50-50: 50% short-term and 50% long-term. The 50% has to do with the Financial Markets lending, the liquidity facilities, the working capital facilities that companies draw. The other lending is longer. Those are typically more term loan style loans.

- **Omar Fall – Barclays**

1Q2021 Analyst call transcript6 May 2021

Hi there. I have a couple of questions. Could you give a bit more colour on OpEx, in particular are you ready now to give us some guidance on the potential scale of future restructuring costs? Would you assume something in the region of the levels this quarter going forward for a few more periods? Then on Retail Netherlands, can you give a bit more explanation of the NII drop there specifically? It looks like EUR 60 million sequentially, which is quite a big acceleration from previous periods. Some additional colour there would be very useful.

Steven van Rijswijk – CEO ING: Thank you, Omar. I will take the first question and Tanate will take the second one.

As you have seen, we have also made announcements in the first quarter and I have made announcements in the fourth quarter on elements that we are looking at with restructuring. The first quarter we made announcements on the Czech Republic and Austria, we made announcements on our branch network in The Netherlands, and we made announcements on private banking in The Netherlands. We will continue to review our businesses and will continue to announce when there is something to announce. I want to do this prudently. I want to execute with certainty and rigor and that is what I will continue to do. In the course of 2020, we have seen that the nose of the plane was still up, and it gradually came down to flatten it. Now the nose of the cost plane is coming down. Like I said: the nose of the cost plane will continue to go down from here on.

Tanate Phutrakul – CFO ING: On the result on NII for The Netherlands. There are three things. The replication impact has a degree of lumpiness from quarter to quarter. You see that in Q1 for The Netherlands. The second one that we are seeing more off is the fact that, given the low rates environment, we have a number of customers who are refinancing their mortgages. That has lowered to a degree the net interest margin that we generate in The Netherlands. The third is a positive evolution, that we have seen that the new mortgage margin that we generate is actually increasing over the quarter. So, we now have a new production market share of somewhere around 11%, almost 12%. That is a positive evolution for the future.

1Q2021 Analyst call transcript6 May 2021

Omar Fall – Barclays: Understood. Just a quick follow-up on the first question. Could you help us with our modelling, just to give us a sense of the NII, revenues or costs, anything contribution of the perimeter of announced disposals/restructured businesses? Obviously, in Austria and Czech we can get updated to certain extent, but for some of the others as well it would be helpful.

Tanate Phutrakul – CFO ING: As we mentioned, the impact of negative interest rate and the inflow of deposits is there. You see the management action that we have taken, whether taking advantage and making sure that we achieved the TLTRO benefit negative rates charging behaviour and other fees increases that we have. Hopefully, we benefit from the improving yield curve environment. These are actions we are taking to make sure that our net interest income is remaining resilient.

In terms of the OpEx, as Steven mentioned before, we do not want to give you an overarching transformation plan, but we want to announce plans as things become execution certain. That is what you see in the first quarter as well. We will give you transparency on actions taken on a quarter-by-quarter basis.

- **Giulia Miotto – Morgan Stanley**

Good morning. Two questions from me. I want to go back to the fee growth, in particular on the investment products, which has been very strong. Could you give us more details in terms of what you are changing and how sustainable that fee growth is versus how much comes from trading and which could may be shorter term? That is my first question on the fee side. And then I have a question on ESG given that you highlighted it in the beginning. ING has clearly been very forward-looking on this theme, but in the recent announcement around the net zero ING was not among the banks that have committed to this target. I was wondering why. What are your thoughts on that?

1Q2021 Analyst call transcript6 May 2021

Steven van Rijswijk – CEO ING: Thank you Giulia. Let me start with ESG. Indeed, we have not signed the net zero accord for 2050. The reason is that a number of the climate paths or energy paths, as they would need to be developed by the European Energy Agency, have not been developed. We would need to look at what that would mean for these energy paths and therefore the change in the energy mix in the world to be able to see what that would then do to our portfolios. Like we have done with Terra already a couple of years ago, we want to see what those energy glidepaths are, what those scenarios are. And when these scenarios are there - and I believe they will come in May - we will look how we can act on that within the setting that was just outlined. I do not want to give you a marketing story. I want to be very clear on how we can really transition. For that we need the energy path.

We have very good fee growth in investment products. I just give you a figure. In 2020 in total, we had around 700,000 new investment product accounts opened. In the first quarter alone, that was already 256,000. Increasingly, you see that people who want to build up a buffer do that partially in savings and partially in investment products. We come from an environment where we had very limited interaction with our clients on investment products. A year ago, we stood at around EUR 120 billion or so in assets under management. Currently we stand at EUR 170 billion. But it is still quite small compared to a number of our peers. So, with better apps that we have, with more interaction with our clients, but also with a broader proposition - that is currently execution only, but we are also going to start with advice - we will start to develop more of our investment business. But that is not the only part. We have also started to introduce higher payment packages. That is also something that you see in the figures coming through. We still do that in a subdued payment environment. It also means that credit card usage amongst others as a result of less travelling is not there yet. So, if travelling resumes and if spending by credit card resumes as well, this should have a positive impact on our daily banking fees as well.

When you look at lending, especially Wholesale Banking lending, there syndicated loan fees are low because the syndicated loan market has not returned to normal levels compared to

1Q2021 Analyst call transcript
6 May 2021

the first two months of the previous year and 2019 and before that. Also there, we would expect these fees to move up when economic activities return to more normal levels.

- **Anke Reingen – RBC**

Good morning. Thank you for taking my questions. I have two follow-up questions first. On NII: did I understand you correctly that due the TLTRO benefit in Q1 NII basically should go up in the next quarters? And then on the costs: are you able to give us the full-year regulatory cost that we should expect? Is the step-up in Q1 a guidance for the increase for the full year? And then a follow-up on the question on the ROE path. It is 7.8% in Q1, to a record of 15 bps of loan loss charges. If we think about the building blocks, the cost/income ratio seems a little bit hard. Is it all revenue goals? How important is bringing returning capital to the shareholders in order to deliver the ROE target?

Steven van Rijswijk – CEO ING: I will take the questions on ROE and NII and Tanate will take the question on guidance on regulatory cost.

First on ROE. We have a number of levers to pull to get back to the intended 10-12%. The first lever is revenue, the second lever is costs, and the third lever is our capital. Our capital currently stands at 15.5% of common equity tier 1. We have given guidance of around 12.5%, which by the way is still 2% above the MDA trigger level. We have strong capital and also strong loan books. What we would intend is to bring back our capital to that level over the next couple of years. That is also one of the levers that we require to get back to the 10% to 12%.

With regards to NII, excluding TLTRO. Like I said, on the one hand we are pressured by incoming deposits. That is still continuing. The first quarter that was about EUR 8 billion. We are charging negative interest rates and have increasingly been doing so with an annual impact this year of EUR 200 million and an annualised impact of around EUR 230 million. Of

1Q2021 Analyst call transcript
6 May 2021

course, we are continuing on our loan growth. We anticipate that, if the economy is rebounding, then also loan growth will increase again. That should help our NII. Those are the levers we will be looking at to support NII going forward.

Tanate Phutrakul – CFO ING: Then on your question about regulatory expenses. There are three buckets there: deposit guarantee schemes in various markets, bank taxes predominantly in The Netherlands and the SRF contribution for resolution fund. What you saw in Q1 is the increase in the Resolution Fund because of the increasing levels of deposits. That we also feed through DGS expenses as well as the level of the system deposit prices.

On bank taxes in The Netherlands the government has announced a one-time 50% increase in bank taxes for 2021. We also expect somewhat higher bank taxes there as well. So, the level of regulatory expenses for 2021 will be somewhat elevated compared to 2020.

- **Tarik El Mejjad – Bank of America**

Hi, good morning. Just one question on cost and restructuring. Can you help us understand your logic and the strategic arguments that push you to exit one or the other country in the retail side? You announced Austria and the Czech Republic. What was the trigger? Was it the size, the profitability, the prospects? I guess it is a bit of all of these. I am trying to understand what could come next of smaller other European countries, without naming anyone.

Steven van Rijswijk – CEO ING: Thank you, Tarik. Indeed - it is also partly mentioned by you as well - we look first if the market is attractive and if there is an attractive business to be made at such a market given the comparative “Umfeld”, if you will. Secondly, we look if we can reach sufficient scale - especially in retail local scale is still important - and if we can realise a sufficient profitability over time. The last one is: is there something we do in such a market also benefitting other parts of the Group or is the Group bringing certain benefits to

1Q2021 Analyst call transcript
6 May 2021

that particular market? Those are the lenses that we look through for our businesses. For these two markets it meant that most of them did not meet the hurdle through-the-cycle and therefore we decided to exit those markets from a retail point of view.

Tarik El Mejjad – Bank of America: But for the Western European countries or subsidiaries you do not look into this model strategy where you have your mutualised costs and where being only 2% of the market share in France or wherever is not relevant because you look at it from the perspective of adding together all the small countries. Do you look at it from this lens or is a local market share more relevant now?

Steven van Rijswijk – CEO ING: We look at both. If you ask: did you stop model bank or Maggie, the answer is yes. We announced in November that the reason for that was that integrating the sales and service journeys for core banks between different markets has proven to be too difficult and too uncertain with continuing high investments for a longer period of time. What we do - and that is what we highlight with the Touch Point architecture - is to use this IT-platform to enable multiple countries to reuse apps that have been built or authentication that has been built or API's that have been built. Because we can reuse all of these elements that also realises scalability in costs. When it comes to the back-end offices or the back-end structures that has proven to be too difficult. Therefore, we have stopped Maggie. It also means that local scale is an element and remains of some importance. That is correct.

- **Kiri Vijayarajah – HSBC**

Good morning everyone. Firstly, can I just come back to the Financial Markets lending growth? Are you implying that levers rate to be deployed again for TLTRO purposes and hence your confidence there? Or is it more a case that the volume momentum outside of financial markets is going to be sufficient to meet your TLTRO threshold? So, in fact you do not need to pull back the Financial Market lever again. I am just trying to understand the dynamics there. And then

1Q2021 Analyst call transcript
6 May 2021

in terms of the new business from client demand that came in at the back-end in the Wholesale Bank outside the Financial Markets and the extra revenue that should eventually generate. Can you give us a feel about the split between the net interest income and fees? It was said in the discussion earlier it is mainly an NII thing, but can you just clarify if there are ancillary fees which we should see pencilling in from some of that new business.

Steven van Rijswijk – CEO ING: Thanks, Kiri. If you look at the lending growth and the confidence on the TLTRO, I think that it was a mix between longer term loans and shorter term loans and therefore also in the lending part and the Financial Markets part. That can also be the case for the second part of TLTRO III. That depends on the need of the clients. With regards to the lending growth and the NII story, it will also bring in fees. You could see either syndication fees or other types of underwriting fees that you could get from that. Part of that has not yet been booked. Like I outlined, that is what I would like to point at, if you look at the level of fees of Wholesale Banking in 2019 under normal circumstances, that is when syndicated levels were still there. When they return - and we believe that they will return in the second half of this year - then you would also see our syndicated fee levels returning to normal levels, which we have given up.

- **Jon Peace – Credit Suisse**

Thank you. I wondered if you could tell us what the cumulative management overlay you have now taken over the last three quarters is. If the economy recovers, could we consider all of that potentially being released in the second half of the year? Would provision releases form part of your stable net profits for the purposes of dividend calculation?

Steven van Rijswijk – CEO ING: Sorry, Jon, can you repeat the second question please?

1Q2021 Analyst call transcript
6 May 2021

Jon Peace – Credit Suisse: The second question was: would provision releases form part of the stable net profit as you see it for the purposes of the 50% dividend accrual?

Steven van Rijswijk – CEO ING: The answer on the second question will be given by Tanate. Then we go back to Ljiljana for the first question.

Tanate Phutrakul – CFO ING: We do expect to accrue 50% of our profits. That means that, if risk costs are lower, that will clearly benefit the overall number. We do not anticipate any adjustment for that basis.

Ljiljana Čortan – CRO ING: On the first question, the management overlay, as it was already said, we have taken EUR 593 million of overlay in the first quarter, reflecting uncertainties and exit of the crisis in the diverse geographies.

Jon Peace – Credit Suisse: Thank you. I wondered what the cumulative number was, please, over a few quarters. Do you have that figure?

Steven van Rijswijk – CEO ING: We do not disclose that, Jon.

Operator: There are no further questions.

Steven van Rijswijk – CEO ING: Thank you very much for your attention. I am sure we will be speaking again in the second quarter.

End of call

Appendix

18

Volatile items 1Q2021

Volatile items and regulatory costs (in € mln)

	1Q2020	2Q2020	3Q2020	4Q2020	1Q2021
WB/FM – valuation adjustments	-92	87	91	-13	11
Capital gains/losses	138	15	6	3	36
Hedge ineffectiveness	-89	40	43	-59	23
Other items income*	-82	40	-230	0	233
Total volatile items – income	-125	182	-90	-69	303
Incidental items - expenses**		-310	-140	-223	-84
Total volatile items	-125	-128	-230	-292	219
Regulatory costs	-526	-137	-111	-331	-587

* Other items income in 1Q2020 consists of €-82 mln of losses within WB/Lending mainly due to negative MtM adjustments related to syndicated loans and loans at fair value through profit or loss; 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

** 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

19

1Q2021 Analyst call transcript

6 May 2021

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'

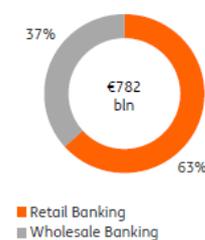
Distribution in 2021 and beyond

1. The €0.12 dividend per ordinary share**, paid in February 2021, has formally been declared the final dividend over 2020 by the AGM of 26 April 2021
2. We intend to make an additional distribution of the amounts reserved over 2019 (€1,754 million) and 2020 (€1,044 million) after 30 September 2021, subject to relevant approvals and prevailing ECB recommendations
 - This could be in the form of cash and/or share buyback
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 30 September 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%

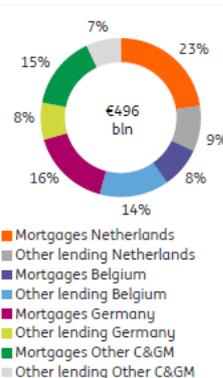
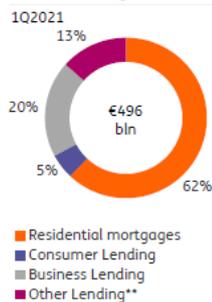
* ~1/3 of 1H resilient net profit, to be paid out with our half year results
 ** Equivalent to 15% of adjusted net profit as defined by the ECB

Well-diversified lending credit outstandings by activity

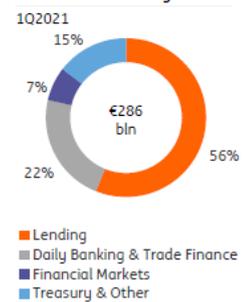
ING Group*



Retail Banking*



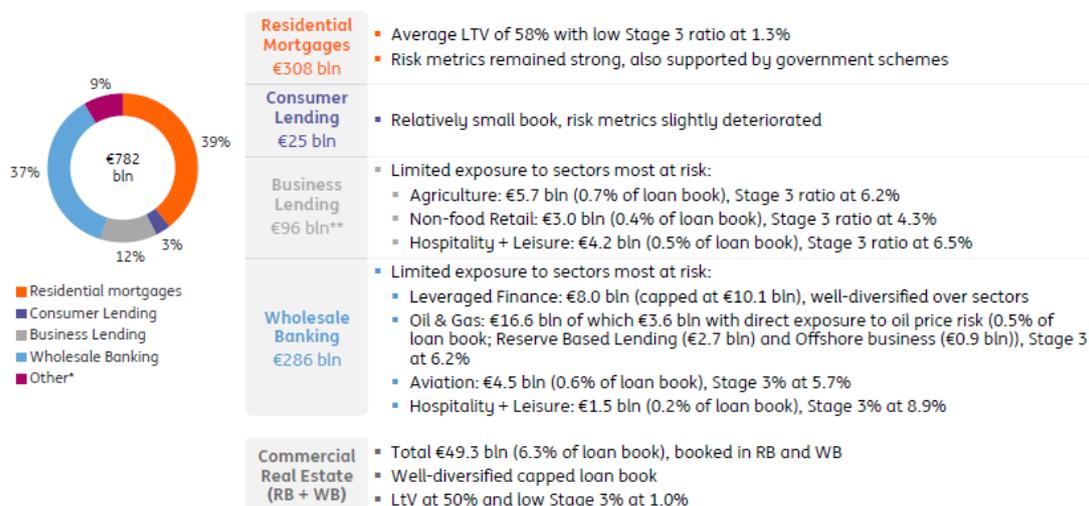
Wholesale Banking*



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

* 31 March 2021 lending and money market credit outstandings, including guarantees and letters of credit, but excluding undrawn committed exposures (off-balance sheet positions)
 ** Other includes €56 bln Retail-related Treasury lending and €10 bln Other Retail Lending

Our lending book is senior and well-collateralised

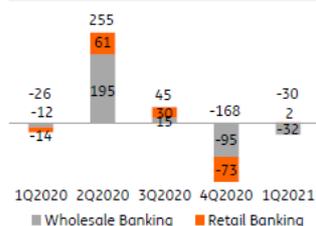


* Other includes €56 bln Retail-related Treasury lending and €10 bln Other Retail Lending

** 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

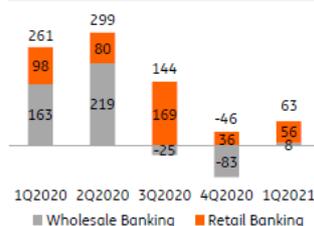
Stage 1 provisioning (in € mln)



Main drivers 1Q2021

- Releases triggered by a macro-economic model update, partly compensated by a management overlay reflecting a delay in expected credit losses as lockdown restrictions were tightened and uncertainty remains

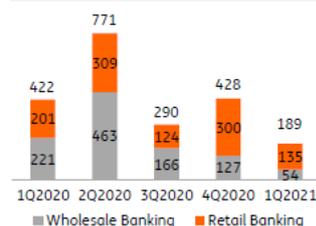
Stage 2 provisioning (in € mln)



Main drivers 1Q2021

- Releases triggered by a macro-economic model update, more than compensated by a management overlay reflecting a delay in expected credit losses as lockdown restrictions were tightened and uncertainty remains

Stage 3 provisioning (in € mln)



Main drivers 1Q2021

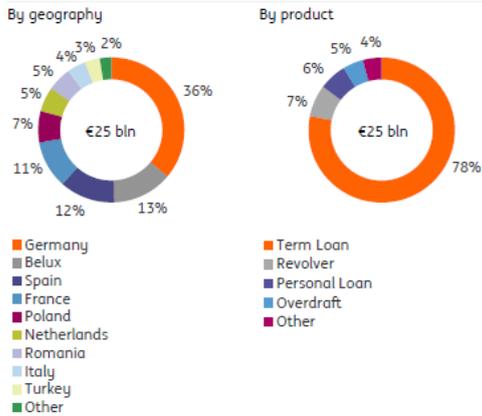
- Additions to some new individual files in WB
- Collective provisioning in C&GM, mainly related to consumer and business lending

1Q2021 Analyst call transcript

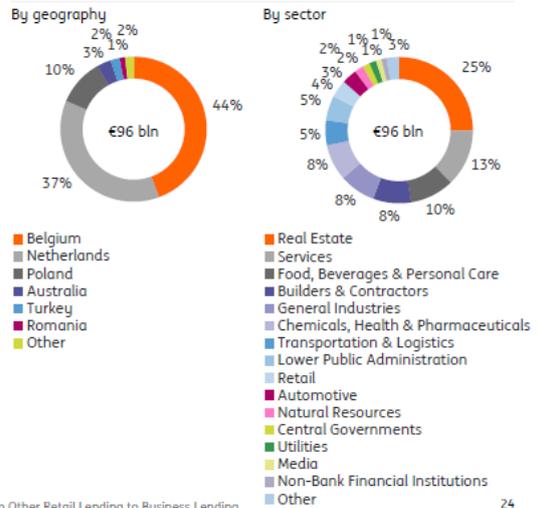
6 May 2021

Retail Consumer Lending and Business Lending

Consumer Lending – 1Q2021 Lending Credit Outstandings



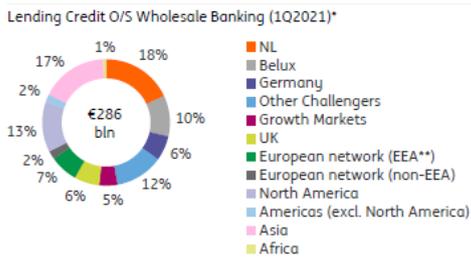
Business Lending – 1Q2021 Lending Credit Outstandings*



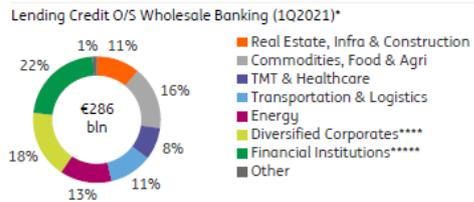
* In 4Q2020, the Real Estate Finance portfolio booked in Retail Banking (€11 bln) was transferred from Other Retail Lending to Business Lending

Wholesale Banking lending

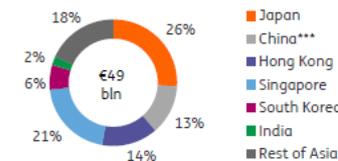
Loan portfolio is well diversified across geographies...



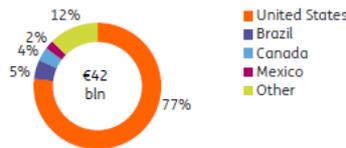
...and sectors



Lending Credit O/S Wholesale Banking Asia (1Q2021)*



Lending Credit O/S Wholesale Banking Americas (1Q2021)*



* Data is based on country/region of residence; Lending and money market credit O/S, including guarantees and letters of credit but excluding undrawn committed exposures (off-balance sheet positions); ** Member countries of the European Economic Area (EEA); *** Excluding our stake in Bank of Beijing (€1.7 bln at 31 March 2021); **** Large corporate clients active across multiple sectors; ***** Including Financial sponsors

1Q2021 Analyst call transcript

6 May 2021

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.

This document may contain inactive textual addresses to internet websites operated by us and third parties. Reference to such websites is made for information purposes only, and information found at such websites is not incorporated by reference into this document. ING does not make any representation or warranty with respect to the accuracy or completeness of, or take any responsibility for, any information found at any websites operated by third parties. ING specifically disclaims any liability with respect to any information found at websites operated by third parties. ING cannot guarantee that websites operated by third parties remain available following the publication of this document, or that any information found at such websites will not change following the filing of this document. Many of those factors are beyond ING's control.

Any forward looking statements made by or on behalf of ING speak only as of the date they are made, and ING assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

This document does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in the United States or any other jurisdiction.

26