

Building value in Wholesale Banking

Investor Day 2019

Isabel Fernandez, Head of Wholesale Banking

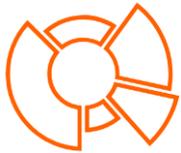
Frankfurt • 25 March 2019

thinkforward



Wholesale Banking overview

Wholesale Banking strengths



40+
countries



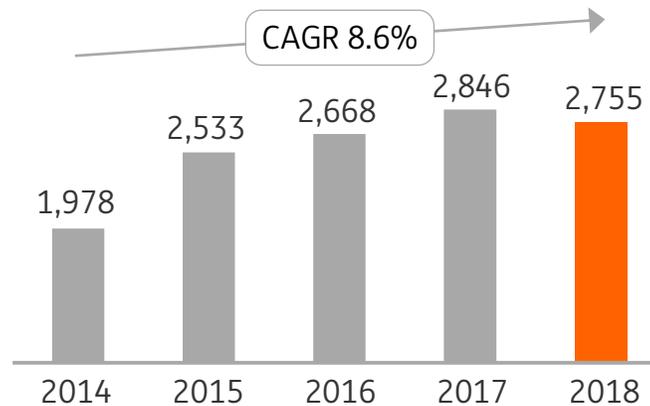
Conservative risk profile as senior and secured lender



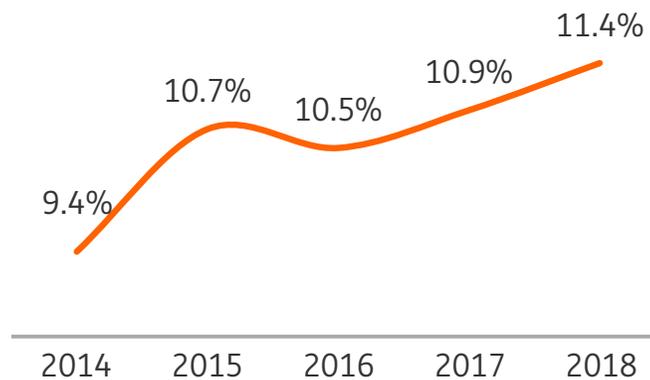
One of the most efficient wholesale banks
49% C/I ratio

* ROE based on a 12% CET1 ratio

Underlying result before tax (in € mln)



Underlying return on equity*



Sustainability

- 1st bank to start steering loan portfolio to Paris climate goals
- 1st bank launching sustainability improvement loans
- A growing green bonds franchise

Accelerate digitalisation

- Industry leader in the Distributed Ledger Technology (DLT) space
- > 700 IT applications decommissioned
- 30% of primary relationships use our InsideBusiness portal

Our strategic priorities drive primary client growth



Primary clients

- Consistency
- Pragmatic approach
- Product-agnostic client teams



Strengthen the basics

- Know Your Customer
- Improve service level across geographies



Unleash sector potential

- Sector expertise to expand strategic services



Leverage the network

- Harmonised cross-border documentation
- Harmonised product offering
- Uniform tooling for client-facing staff

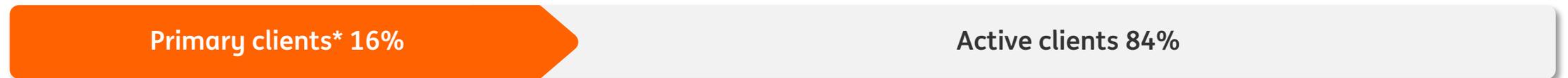
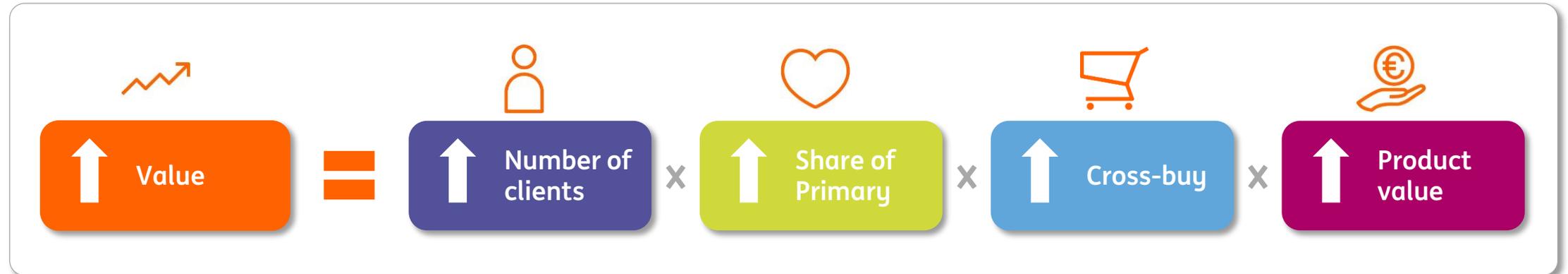


Innovate for the future

- 100% of all data in one data lake
- Platform strategy
- Build, partner with or buy innovative solutions
- Leading sustainable finance offering

* KYC – Know Your Customer

Wholesale Banking is accelerating growth in primary clients



| Client segmentation | Primary clients | Active clients |
|------------------------|-----------------|----------------|
| Average # of products | 4.1 | 1.2 |
| Average # of countries | 4.5 | 1.1 |
| Total revenues** | €2.9 bln | €2.4 bln |
| Revenues / RWA | 550 bps | 350 bps |

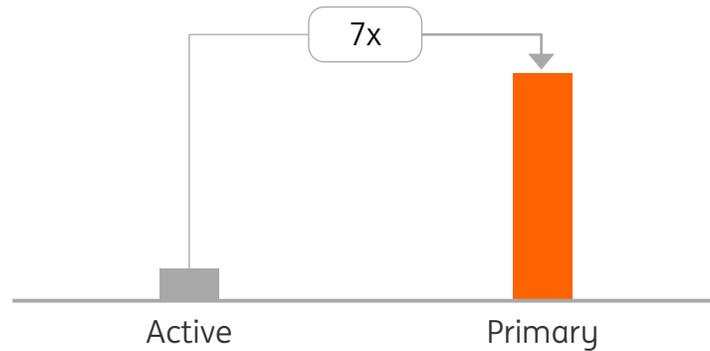
* Established client relationship with 2 products or more and across 2 countries or more

** Excluding €0.5 bln of revenues from non-Wholesale Bank clients using Wholesale Bank network and products

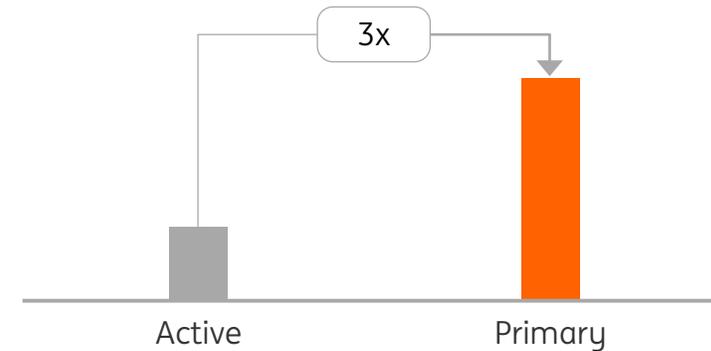
Primary clients are 5x more profitable

Commercial excellence

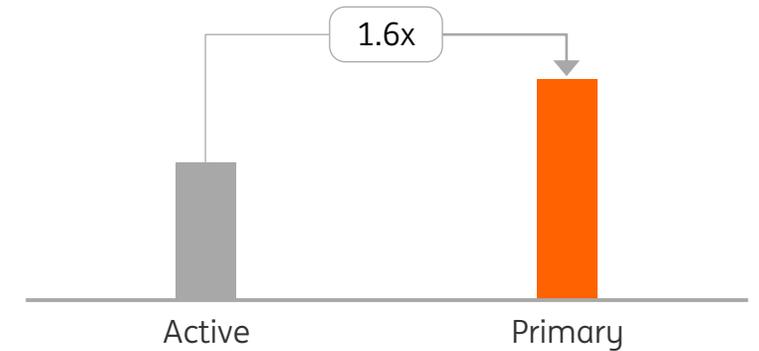
Revenues per client



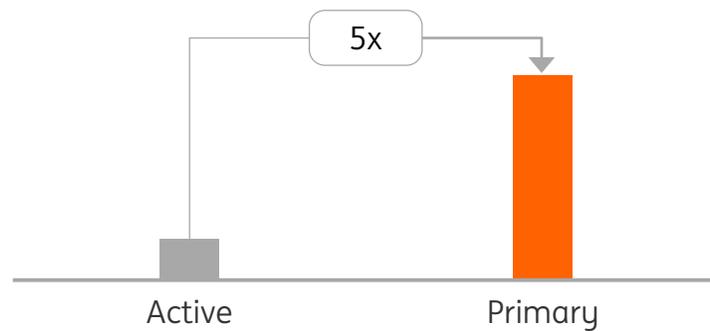
Cross-buy* ratio



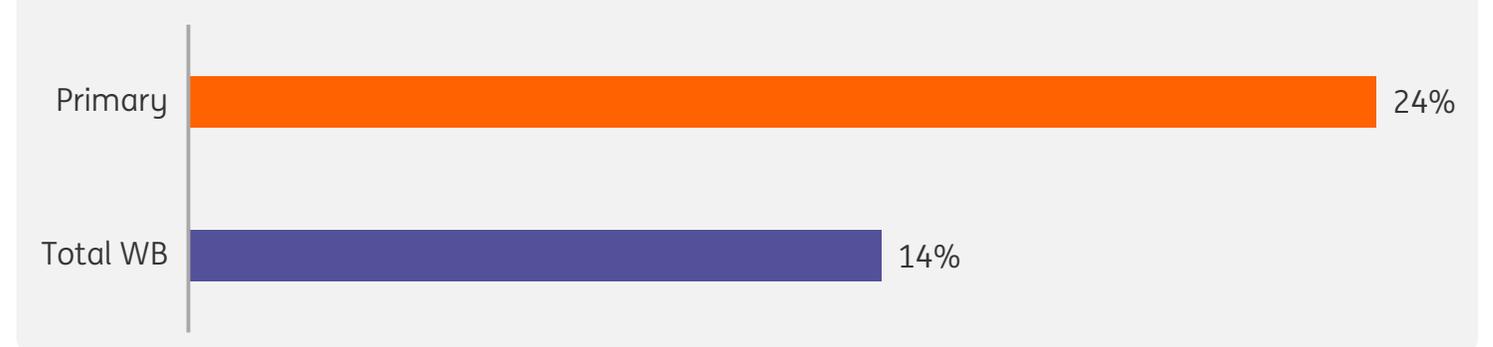
Fee income / RWA



Profit before tax



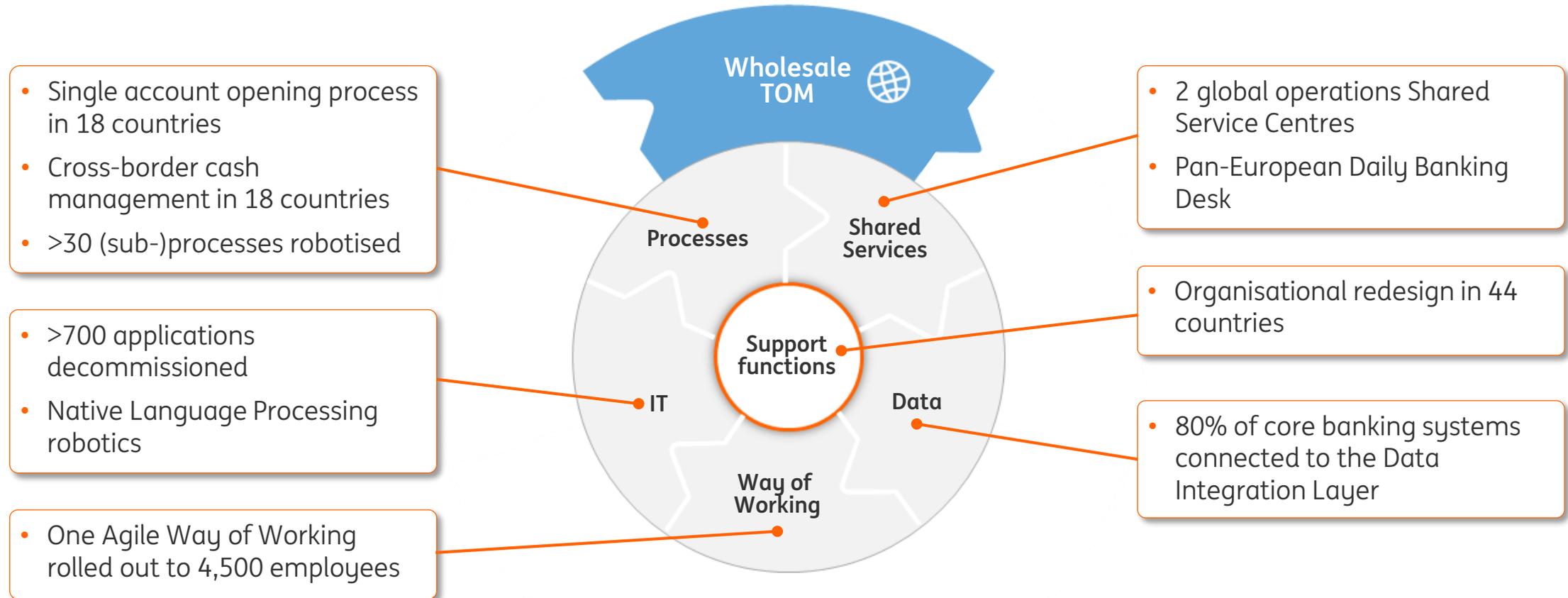
YoY Increase NPS score**



* Cross-buy = non-lending revenues over total revenues

** NPS = Net Promoter Score

WB transformation delivering efficiency



Organisation changed to unleash sector potential

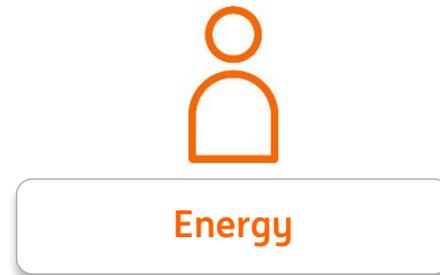
Traditional bank

“Buy our products”



Client point of view

“Do you understand my business?”



TMT* & Healthcare

Real Estate, Infra
& Construction

Commodities, Food
& Agri

Energy

Transportation
& Logistics

Diversified corporates

Financial Institutions

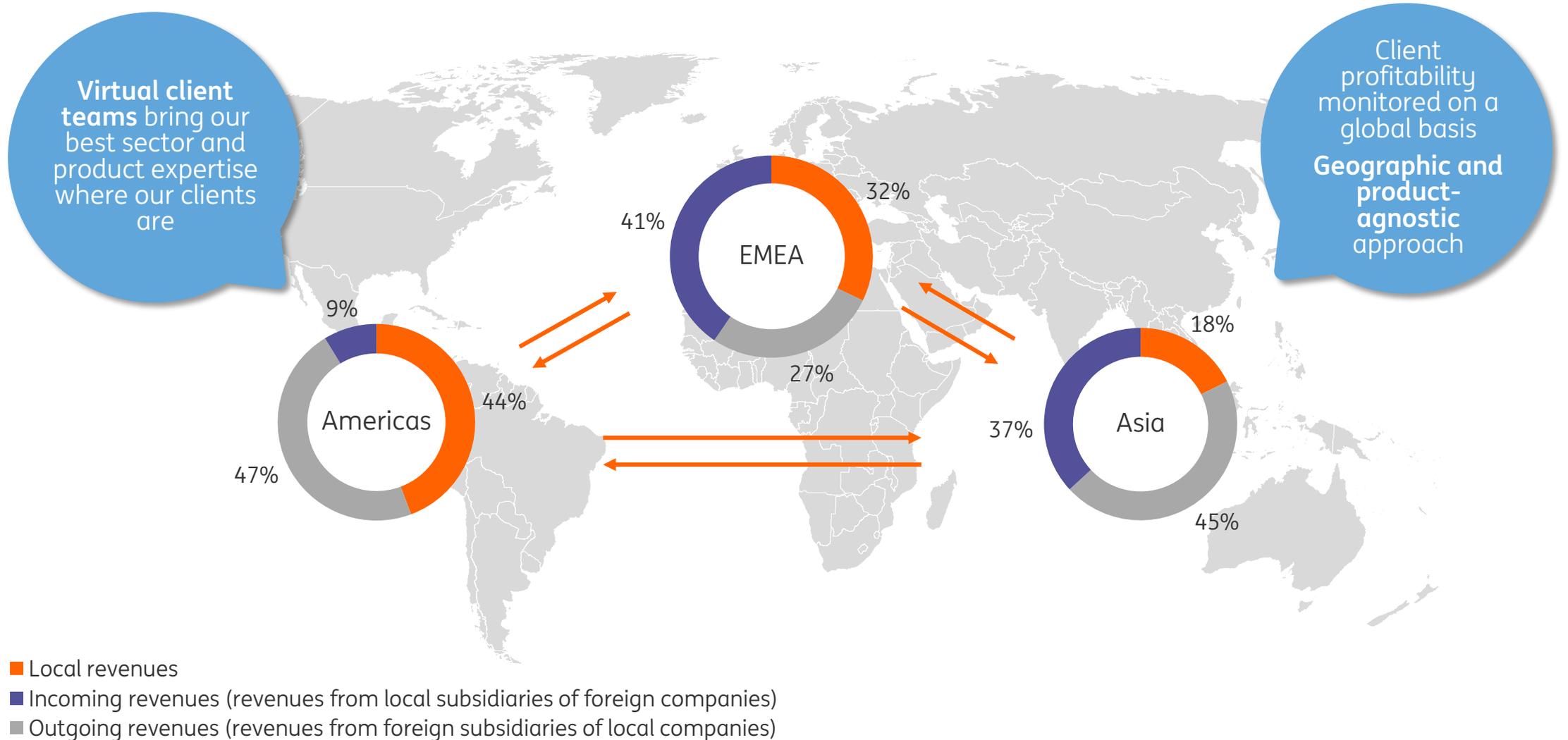
20 years of
expertise



Sector relevant
solutions

* TMT - Telecom, Media & Technology

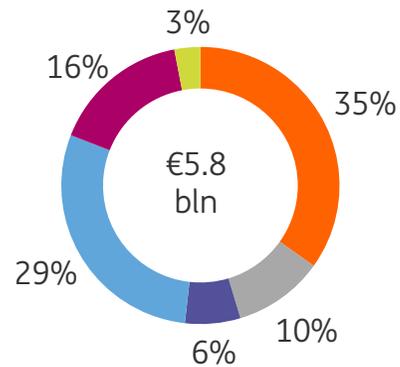
We serve clients throughout our network in over 40 countries



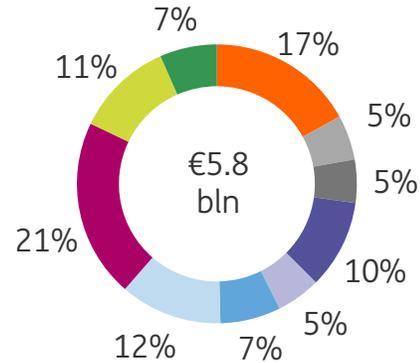
Our network ensures a diversified income stream

Wholesale Banking total underlying income 2018 diversified across...

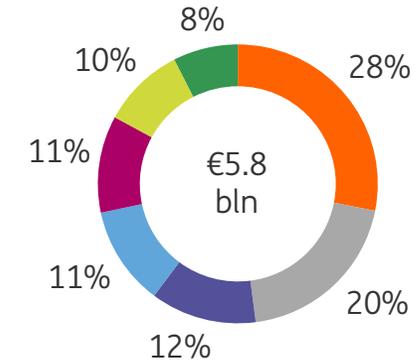
...products



...geographies



...sectors



- Project and Asset-based Finance excl. TCF
- Real Estate Finance
- Trade and Commodity Finance (TCF)
- General Lending & Transaction Services
- Financial Markets
- Bank Treasury & Other

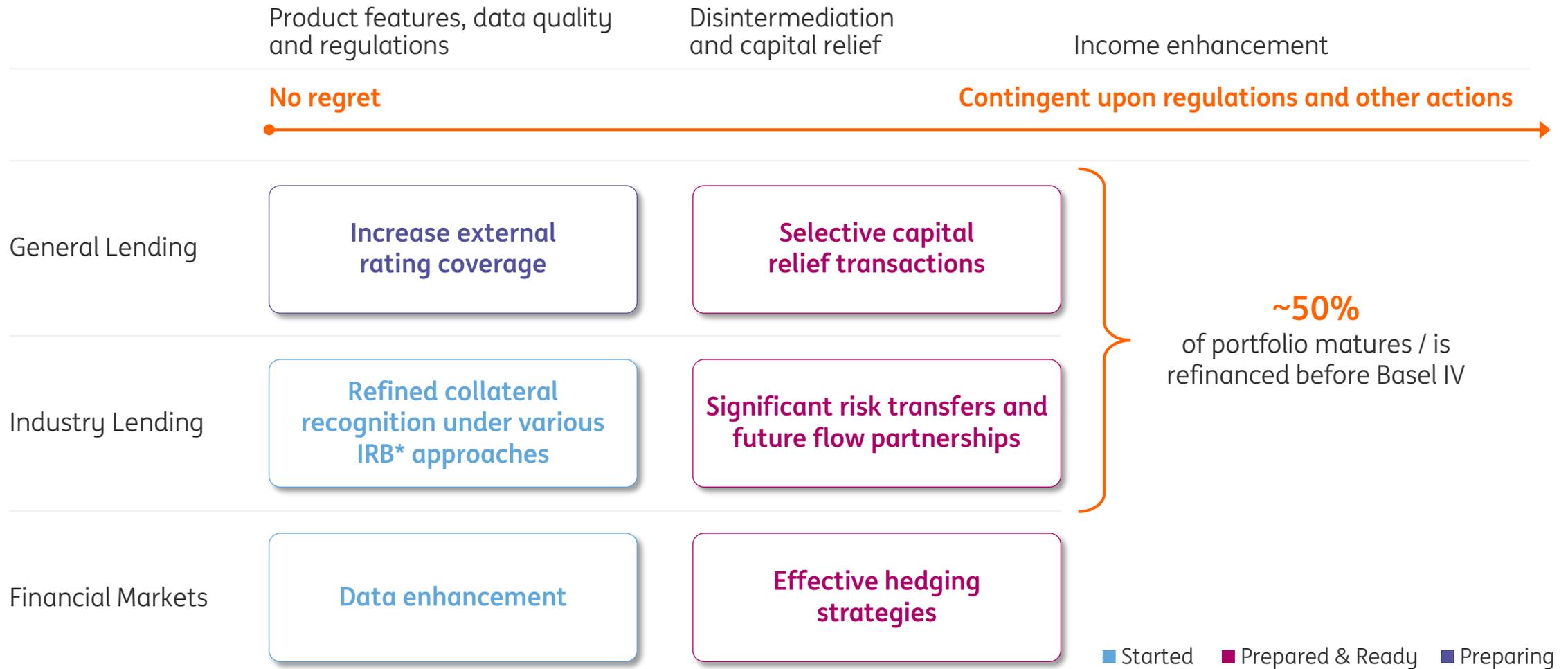
- NL
- Belux
- Germany
- Other Challengers
- Growth Markets
- UK
- European Network
- Americas
- Asia
- Other

- Diversified corporates
- Financial Institutions
- Commodities, Food & Agri
- Energy
- Real Estate, Infra & Construction
- TMT & Healthcare
- Transportation & Logistics

Roadmap from current market position

| | | |
|---------------------------|---|---|
| Primary clients | ↑ | <ul style="list-style-type: none">• Grow primary clients |
| Income | ↑ | <ul style="list-style-type: none">• Lending growth ~2-3% per annum• Fees to grow faster than NII |
| Costs | = | <ul style="list-style-type: none">• Further efficiency in running the bank• Digital first• Improve sales effectiveness |
| Efficiency | ↑ | |
| ROE | = | <ul style="list-style-type: none">• Maintain focus on ROE as the key business driver |
| Mitigating actions | | |
| RWA (Basel IV & TRIM) | ↑ | <ul style="list-style-type: none">• Manage RWA density despite regulatory changes• Careful off-boarding of sub-profitable clients generating RWA• Slower asset growth and balance sheet actions (higher capital velocity) |

Basel IV and TRIM mitigants

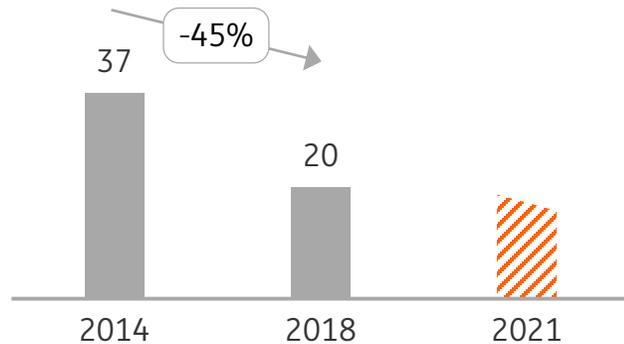


* IRB – Internal Ratings Based approach

Financial Markets – rightsizing footprint while unlocking value

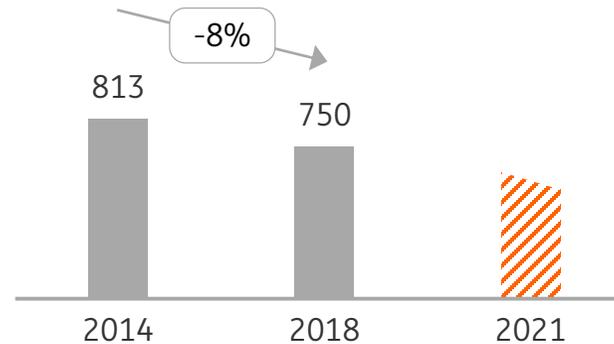
RWA development (in € bln)

CVA hedges to relieve RWA density



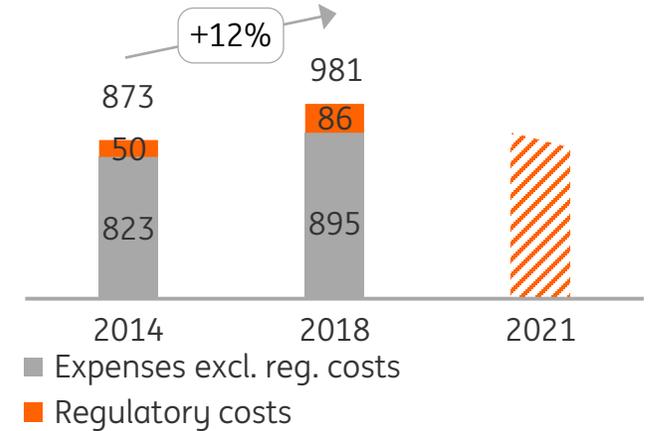
FM front-office headcount

Further rightsizing expected in 2019



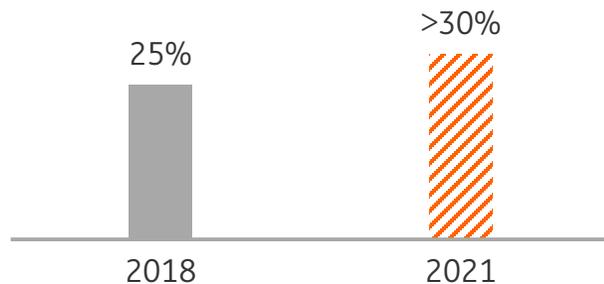
Operating expenses

Reducing operating expenses going forward

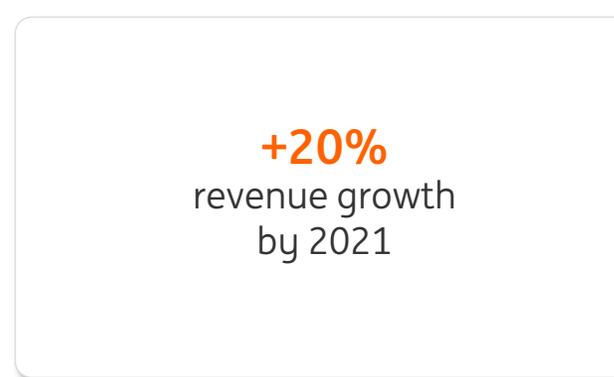


FM cross-buy

WB corporate clients using FM products



FM share of wallet



- Financial Markets is essential to:
- Grow primary relationships
 - Manage our own risks
 - Help clients manage their risks

Innovation to drive value in Wholesale Banking

Build

Cash Management

Bank Mendes Gans 

- Pooling; improving visibility on your corporate's liquidity and interest results
- Netting; efficiency in cross border payments

Financial Markets

Katana LENS 

Generates data-driven trade ideas

- ...alerts of trade opportunities before research analysts recommend the same trade

25%

Reduction in bond trading pricing error costs

Partner

Trade

Global innovation leader in trade finance

Top 5 in DLT*


Voltron


MineHub
TECHNOLOGIES INC.




Payments


 Corporate accounts aggregator


 Cross-border payments

Syndication



Buy

Payments


Global Card Processing
 Merchant Service Platform

>80

payment methods

>150

currencies

ING and Payvision working together on building frictionless payments and (beyond) banking experiences

+58%

YoY volume growth since 2017

€40 mln

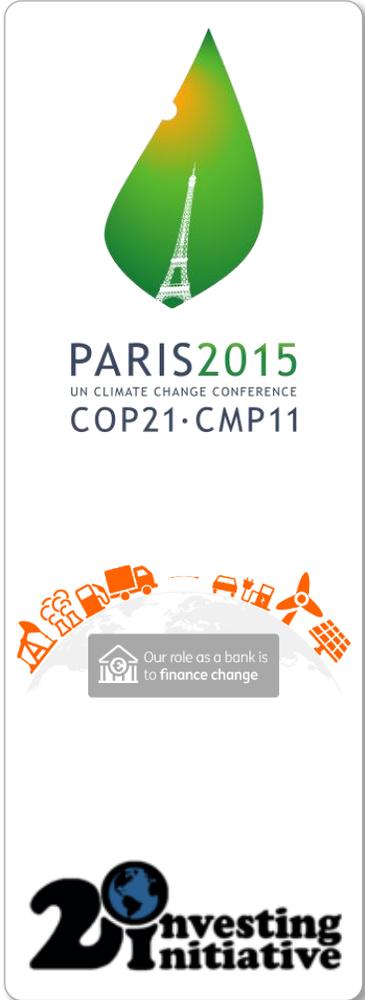
Net fee income** in 2018

* DLT – Distributed Ledger Technology. Source: Forbes

** €40 mln is the contribution of Net fee and commission income since acquisition at the end of 1Q18

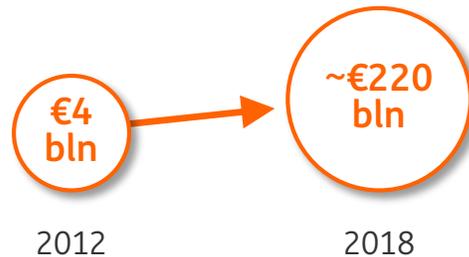
Terra: steering our loan book to meet climate goals

| | |
|---------------------------|--|
| Terra approach | <ul style="list-style-type: none">Steering our loan book towards the Paris Agreement's well-below 2°C-goal |
| Empowering clients | <ul style="list-style-type: none">Supporting our clients' technology transition and reduced carbon footprint |
| Financing impact | <ul style="list-style-type: none">Financing investments needed to transition to a low-carbon society |

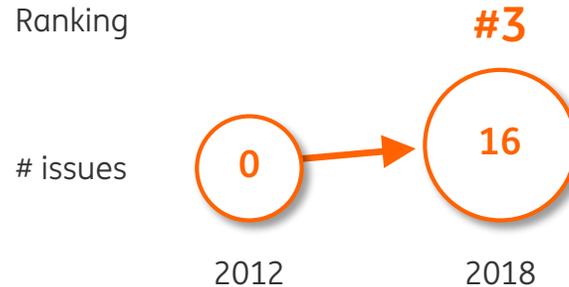


We are a leader in the growing ESG debt market

Global annual sustainable debt issuance*



Euro Green Bond League Table (Ex-SSA)*

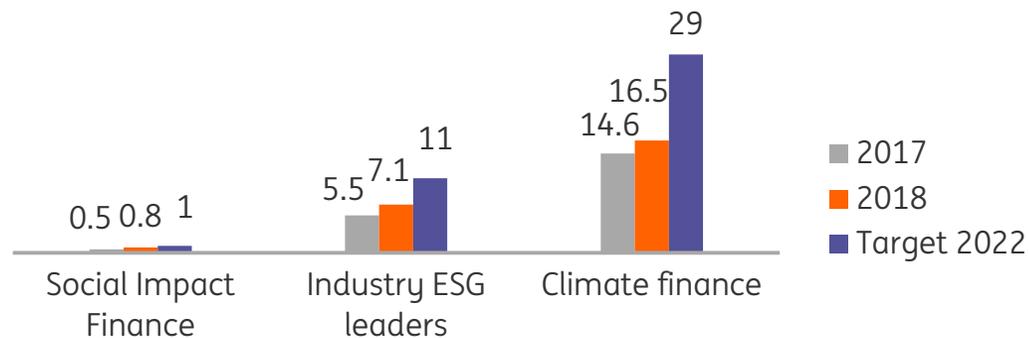


Strong momentum with WB clients

> 40 Sustainability improvement loan mandates since 2017**



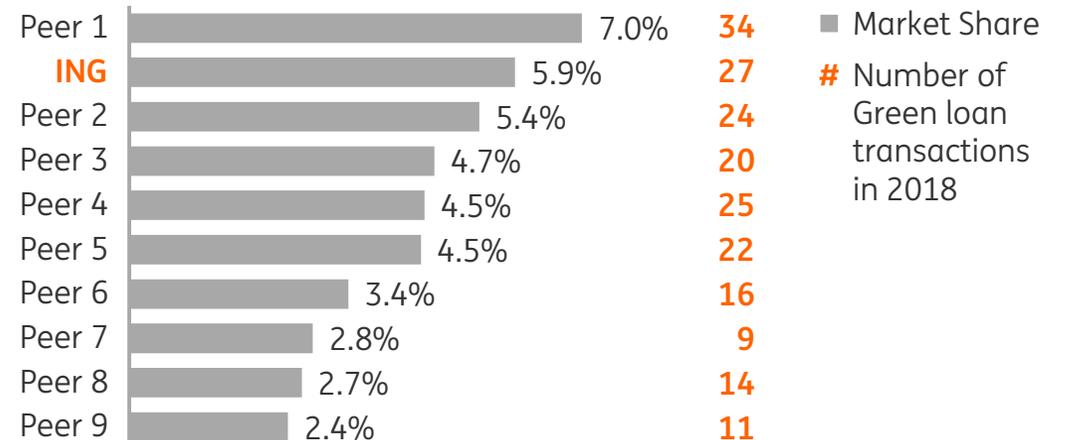
We aim to double our Responsible Finance portfolio by 2022 (in € bln)



* Source: Bloomberg

** Product launched in 2017; +50% of mandates in a role as sustainability coordinator

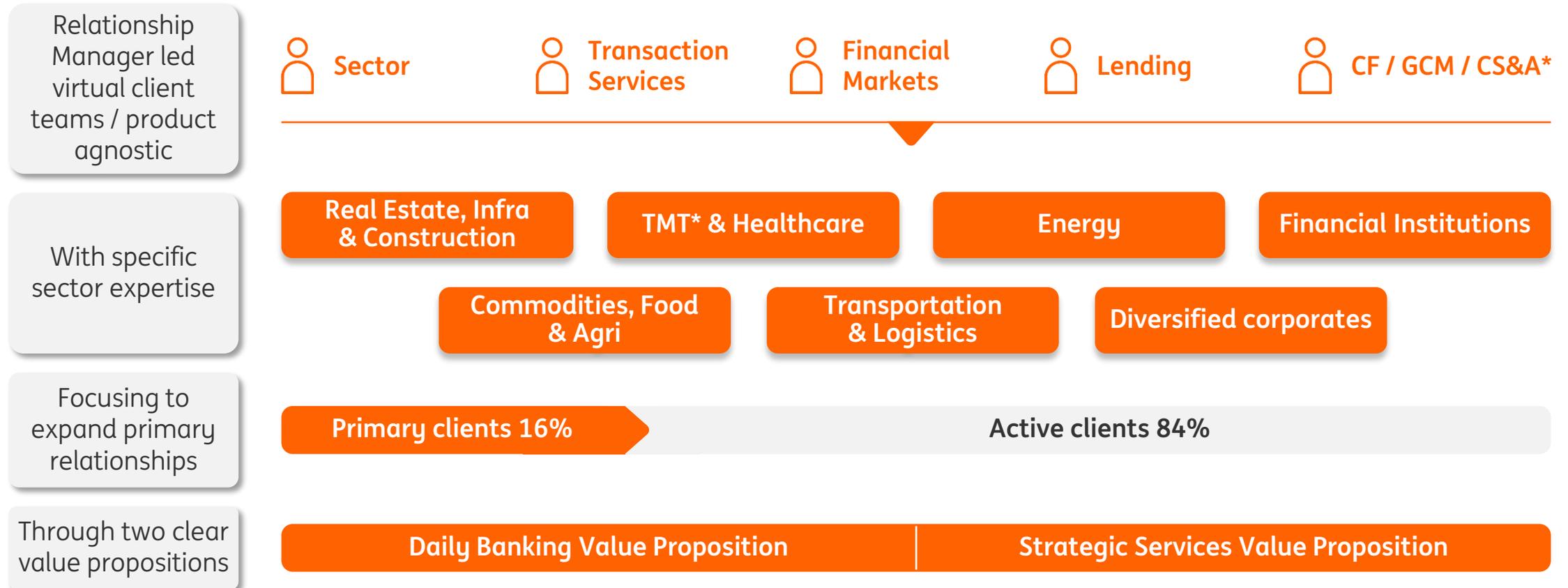
FY2018 Global Green Loans League Tables*



Appendix

Organisation changed to unleash sector potential

Increased commercial effectiveness



* CF – Corporate Finance; GCM – Global Capital Markets; CS&A – Capital Structuring & Advisory; TMT – Telecom, Media & Technology

ING's specialised offering encompasses seven sectors

Our clients operate in 7 sectors

in % of total WB lending credit
outstandings*

| | |
|-----------------------------------|-----|
| Real Estate, Infra & Construction | 13% |
| Commodities, Food & Agri | 14% |
| TMT & Healthcare | 7% |
| Transportation & Logistics | 9% |
| Energy | 12% |
| Diversified corporates** | 18% |
| Financial Institutions | 18% |

* Category Other €21 bln is not shown in the sector breakdown
** Large corporate clients active across multiple sectors



Infra - MLA of the Year
2018 – IJ Awards



Best Commodities Trade Finance Bank in the world
2018 - Global Trade Review



Supply Chain Finance Provider of the Year
2019 - RFlx



Green Bond Pioneer Award
2019 - Climate Bonds Initiative



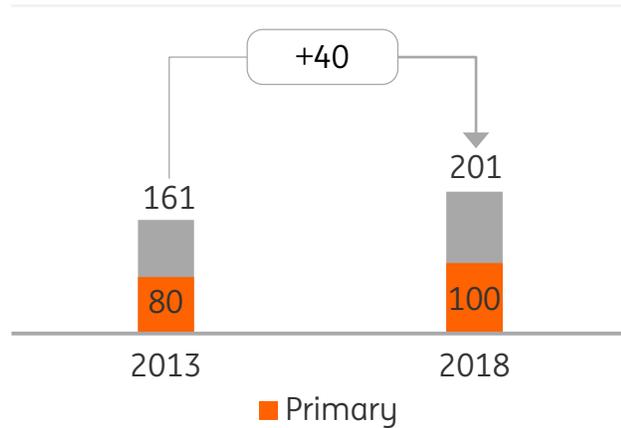
Asia Pacific Deal of The Year 2018
Westconnex
2018 - Project Finance International



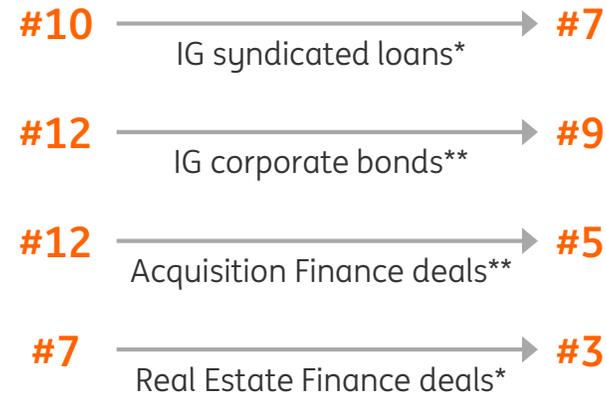
Best Multi-Currency Liquidity Solutions
BMG, 2018 - TMI

Illustrative country example - WB France performance

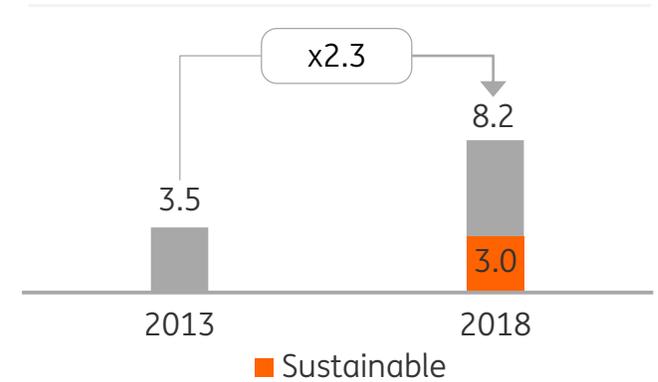
Total number of clients



League tables

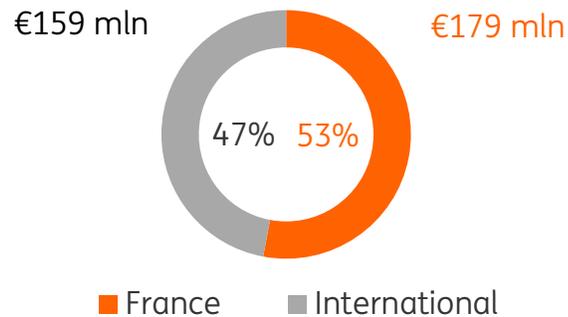


Customer lending WB France (in € bln)

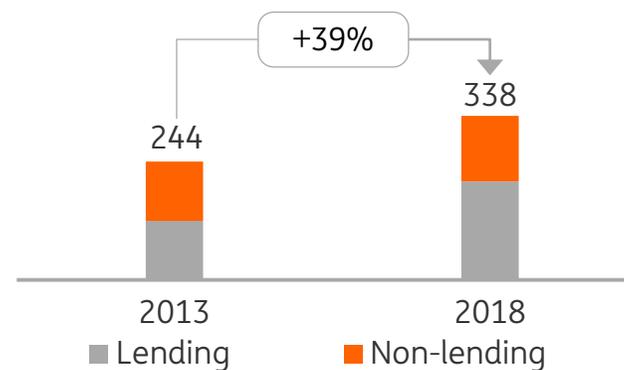


Collaboration / Network

% of revenues in 2018



Total revenues WB France*** (in € mln)



Selected sustainable transactions by ING France



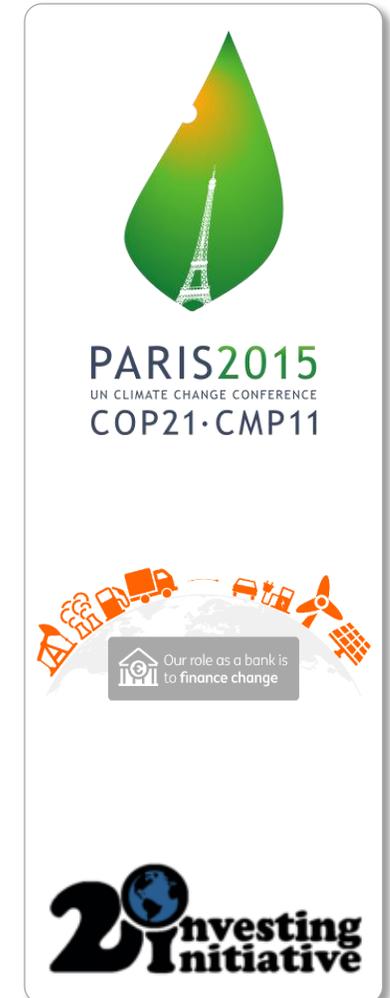
* Source: Dealogic

** Source: Bloomberg

*** Revenues made on French clients in France and their subsidiaries across WB network

Terra: steering our loan book to meet climate goals

| | |
|--------------------|--|
| Terra | <ul style="list-style-type: none">• Our strategy to steer our lending book towards the Paris Agreement's well-below 2°C-goal. |
| Methodology | <ul style="list-style-type: none">• Measures needed shift in technology for key sectors against actual and future technologies used by clients• Developed with 2° Investing Initiative• Open source – banks around the world are engaged |
| Progress | <ul style="list-style-type: none">• Four large international banks joined our pledge• Completed analysis of lending exposure to the automotive sector• Started taking action to help make our mortgage portfolio energy positive |
| Next steps | <ul style="list-style-type: none">• Analyse the other target sectors• Engage with clients on the findings• Report on progress |



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 2018 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, in particular economic conditions in ING's core markets, (2) changes in performance of financial markets, including developing markets, (3) potential consequences of the United Kingdom leaving the European Union or a break-up of the euro, (4) changes in the fiscal position and the future economic performance of the US including potential consequences of a downgrade of the sovereign credit rating of the US government, (5) potential consequences of a European sovereign debt crisis, (6) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, (7) changes in conditions in the credit and capital markets generally, including changes in borrower and counterparty creditworthiness, (8) changes affecting interest rate levels, (9) inflation and deflation in our principal markets, (10) changes affecting currency exchange rates, (11) changes in investor and customer behaviour, (12) changes in general competitive factors, (13) changes in or discontinuation of 'benchmark' indices, (14) changes in laws and regulations and the interpretation and application thereof, (15) changes in compliance obligations including, but not limited to, those posed by the implementation of DAC6, (16) geopolitical risks, political instabilities and policies and actions of governmental and regulatory authorities, (17) changes in standards and interpretations under International Financial Reporting Standards (IFRS) and the application thereof, (18) conclusions with regard to purchase accounting assumptions and methodologies, and other changes in accounting assumptions and methodologies including changes in valuation of issued securities and credit market exposure, (19) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (20) changes in credit ratings, (21) the outcome of current and future legal and regulatory proceedings, (22) 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, (23) risks and challenges related to cybercrime including the effects of cyber-attacks and changes in legislation and regulation related to cybersecurity and data privacy, (24) the inability to protect our intellectual property and infringement claims by third parties, (25) the inability to retain key personnel, (26) business, operational, regulatory, reputation and other risks in connection with climate change, (27) ING's ability to achieve its strategy, including projected operational synergies and cost-saving programmes and (28) the other risks and uncertainties detailed in this 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. (29) 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

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