ING Credit Update 4Q2019

Amsterdam ▪ 6 February 2020

thinkforward

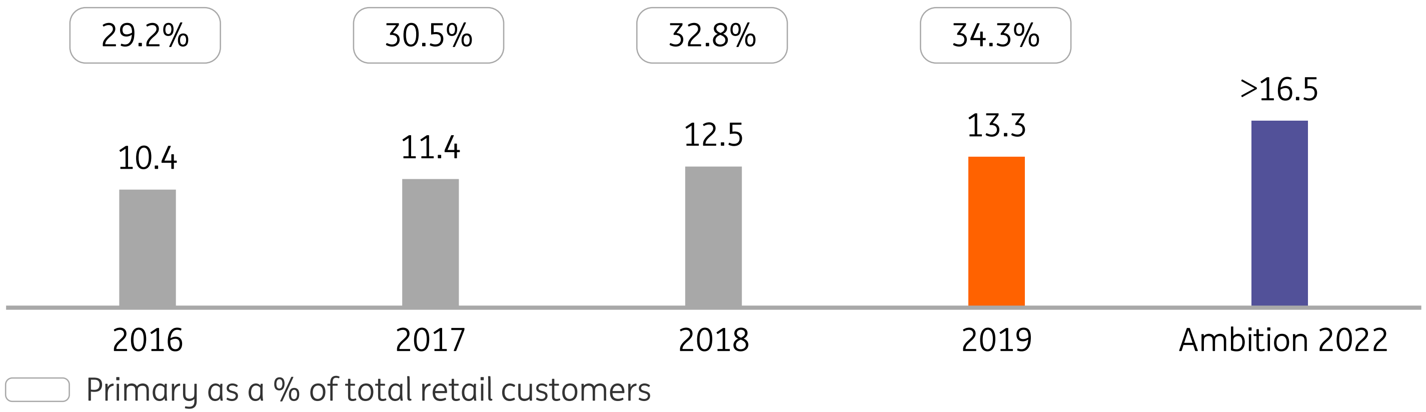
ING

Key points

- ING posted 2019 net profit of €4,781 mln, up 1.7% on 2018
- Our primary customer base, a driver of future value, increased by more than 830,000, to 13.3 mln in 2019
- We recorded net core lending growth of €17.2 bln in 2019, or 2.9%, primarily in Retail Banking which grew by €16.1 bln while growth in Wholesale Banking slowed down to €1.1 bln
- Results were supported by disciplined pricing, especially in mortgages, and higher fee income, which partly countered margin pressure on customer deposits, higher KYC costs and increasing regulatory expenses
- Risk costs were higher in 2019, but remained below the through-the-cycle average
- Return on equity for 2019 was 9.4%
- CET1 ratio in 4Q2019 was robust at 14.6%, with €13.2 bln (or 61 bps) of expected supervisory impact on RWA already taken in 4Q2019
- We expect to see further effects on capital from banking regulation and model reviews in the coming quarters
- Our drive to be innovative leads to impressive results, such as Yolt and Katana
- Countering financial and economic crime remains a priority and we made further progress in improving our KYC analytical skills and the effectiveness of our non-financial risk management
- We propose to pay a full-year 2019 cash dividend of €2,689 bln, or €0.69 per share, of which €0.24 was already paid in August 2019

Commercial momentum remained strong in Retail

Target to reach >16.5 mln primary customers* by 2022



Net promoter scores (NPS)

4Q2019

#1 in **6** out of 14 retail countries

Core lending

2019 net growth

€ **+16.1** bln
Retail Banking

€ **+1.1** bln
Wholesale Banking

Customer deposits

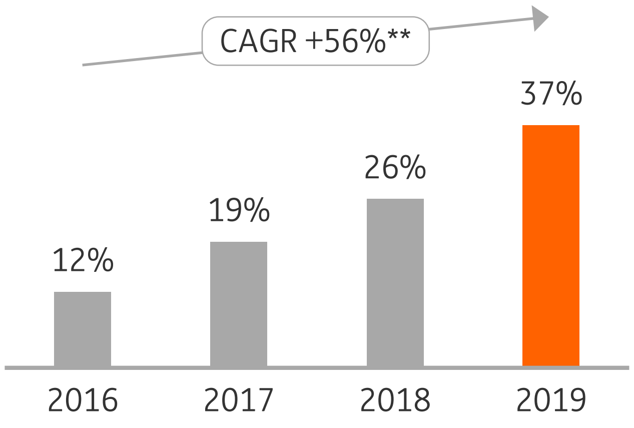
2019 net growth

€ **+23.4** bln

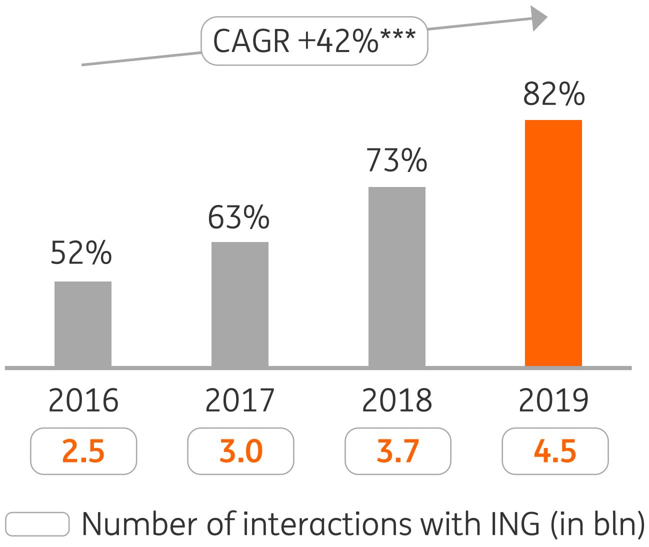
* Definition: active payment customers with recurring income and at least one extra active product category

In Retail our mobile approach is taking off

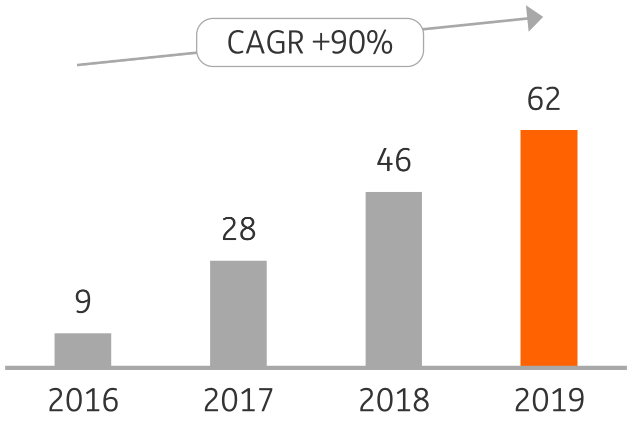
% of mobile-only in channel use among active customers who contact us*



% mobile in total interactions with ING



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



- A growing share of Retail customers only interacts with ING on their mobile device, up from 12% in 2016 to 37% in 2019
- The number of interactions grew by 80% since 2016, reaching 4.5 bln interactions in 2019, with an increasing share of mobile of 82% in 2019, versus 52% in 2016
- In mobile we are increasingly successful at converting our interactions into sales, with 7 times higher mobile sales than in 2016

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

Business profile and strategy

Think Forward has been accelerated through structural changes

Think Forward strategy on a page

Purpose ▶ Empowering people to stay a step ahead in life and in business.

Customer Promise ▶

- Clear and Easy
- Anytime, Anywhere
- Empower
- Keep Getting Better

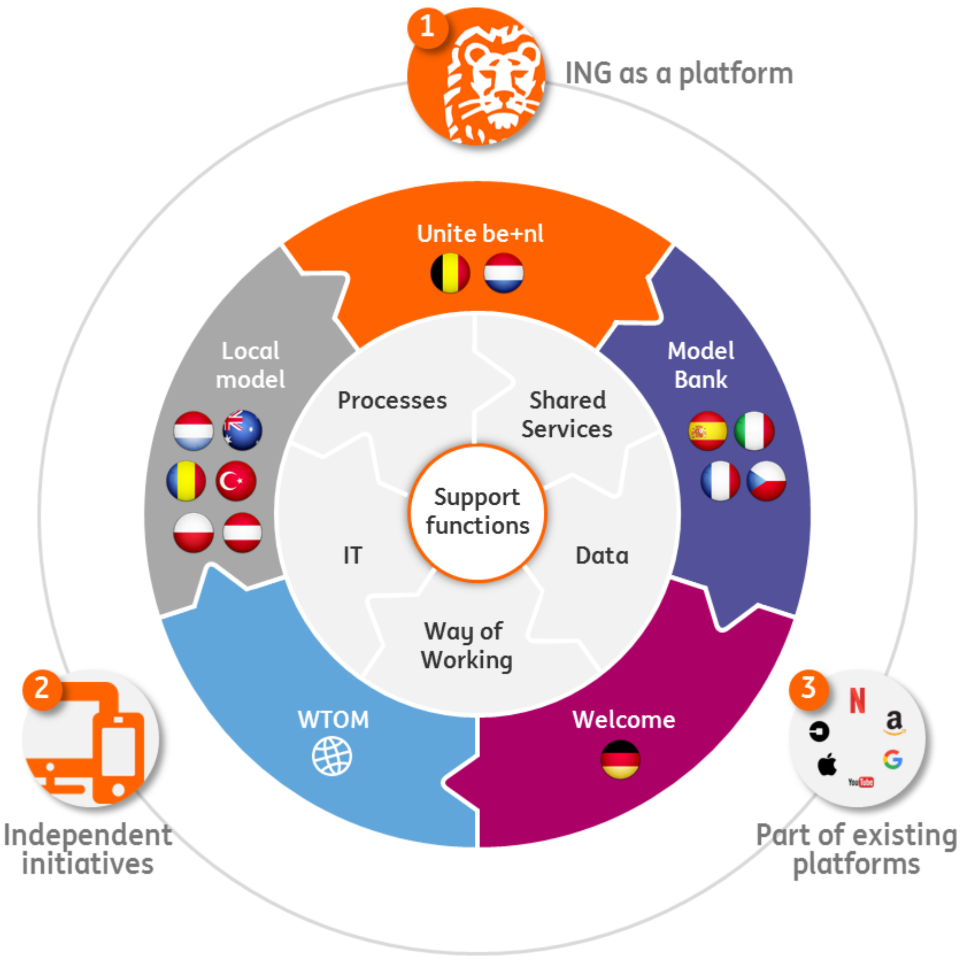
Strategic Priorities ▶

Creating a differentiating customer experience

1. Earn the primary relationship
2. Develop analytics skills to understand our customers better
3. Increase the pace of innovation to serve changing customer needs
4. Think beyond traditional banking to develop new services and business models

Enablers ▶ Simplify & Streamline | Operational Excellence | Performance Culture | Lending Capabilities

Transformation and platform programmes



We are transforming into a dynamic digital player

	Classic bank	Dynamic digital player
Customers	• Mature, established	• Explorers, change-oriented
Products	• Owned	• Open architecture where relevant
Strategy	• Defensive, cost efficiency-focused	• Offensive, differentiation-focused
Time-to-volume	• Long	• Short
Footprint	• Regional	• Global
Resources	• Branches • Relationship managers • Tailored, country-specific, legacy systems	• Mobile/digital applications • Customer service teams • Modular, scalable, cutting-edge systems
Funding source	• Depositors	• Diversified, incl. directly from third parties
Fee model	• Multiple (high) fees (under threat)	• Relationship contribution fee
Cost drivers	• Personnel, loan loss provisions	• IT infrastructure

Where do we stand in such transition?

Single-market, branch-led, owned-products bank ⟷ Cross-border digital scalable player

Wholesale Banking

Retail Benelux

Retail Growth Markets

Retail Challengers

Digital DNA and experience creating cross-border scalability are advantages

20+ years of experience as **direct banking pioneer**

1st bank to implement **agile** way of working

200+ **fintechs** we founded, partnered with and invested in

<9 months to launch **mobile-only** bank in the **Philippines**

Cross-border scalability: reduction of **~600** branches and **~2,000** FTEs uniting BE & NL

Well-diversified business mix with many profitable growth drivers

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

Market Leaders
Netherlands, Belgium / Luxembourg

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

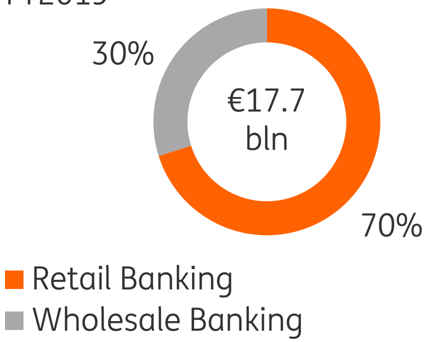
Growth Markets
Philippines, Poland, Romania, Turkey, Asian bank stakes

Wholesale Banking International Network

Wholesale Banking
- Our business model is similar throughout our global WB franchise of more than 40 countries
- With a sector and client-driven strategy, our global franchises serve corporates, multinational corporations, financial institutions, governments and supranational bodies

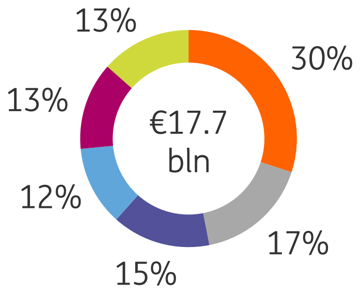
Underlying income*

FY2019



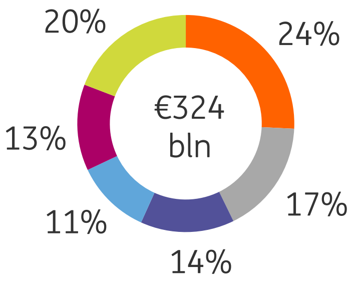
Underlying income*

FY2019



RWA (end of period)*

FY2019



Netherlands Belgium Germany Other Challengers Growth Markets WB Rest of World

* Segment "Other" not shown on the slide. For this segment (Corporate Line and Real Estate run-off portfolio), the underlying income was €566 mln for the FY2019 period and RWA was €2.5 bln as per 31 December 2019

Consistent focus on creating operating leverage

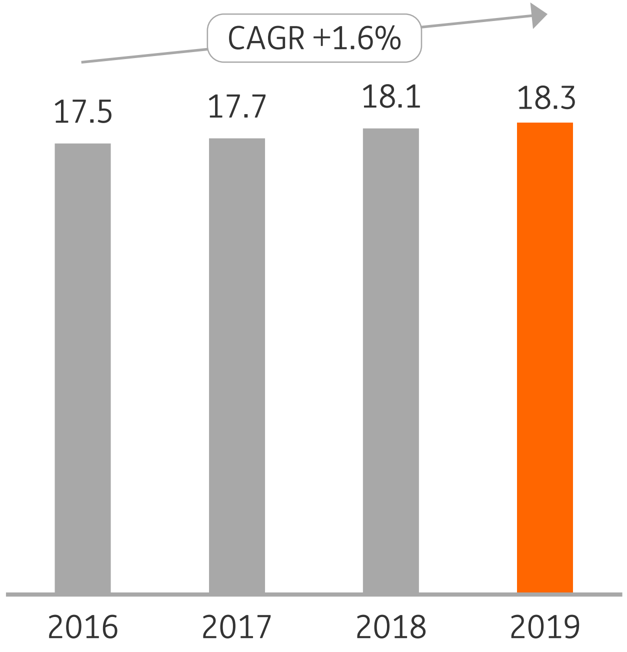
Roadmap from current market positions

	Retail Benelux	Retail Challengers & Growth Markets	Wholesale Banking	Financial ambitions
Income	↓	↑↑	↑	Focus on profitable lending and fee income
Costs	↓↓	↑	=	Cost discipline focus; some increases in markets that grow
Efficiency	↑	↑	↑	
	Scalability, Efficiency	Scalability, Growth	RWA optimisation and ROE focus	

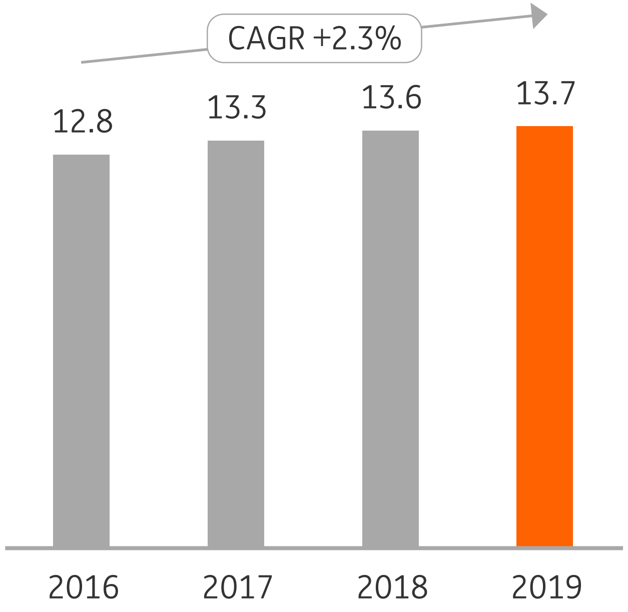
FY2019 results

Income growth supported by higher NII and fees

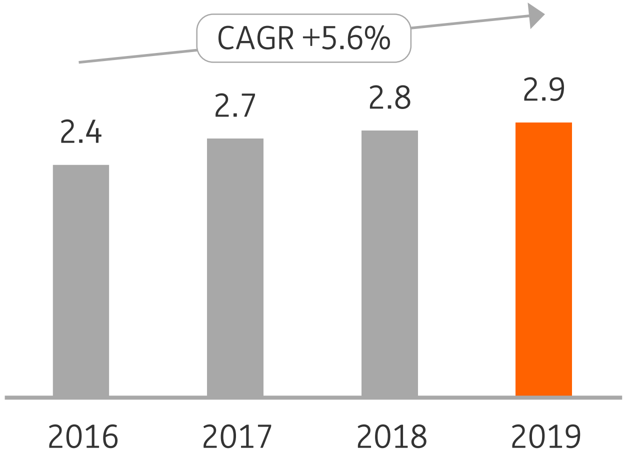
Total underlying income (in € bln)



Net interest income excl. FM (in € bln)



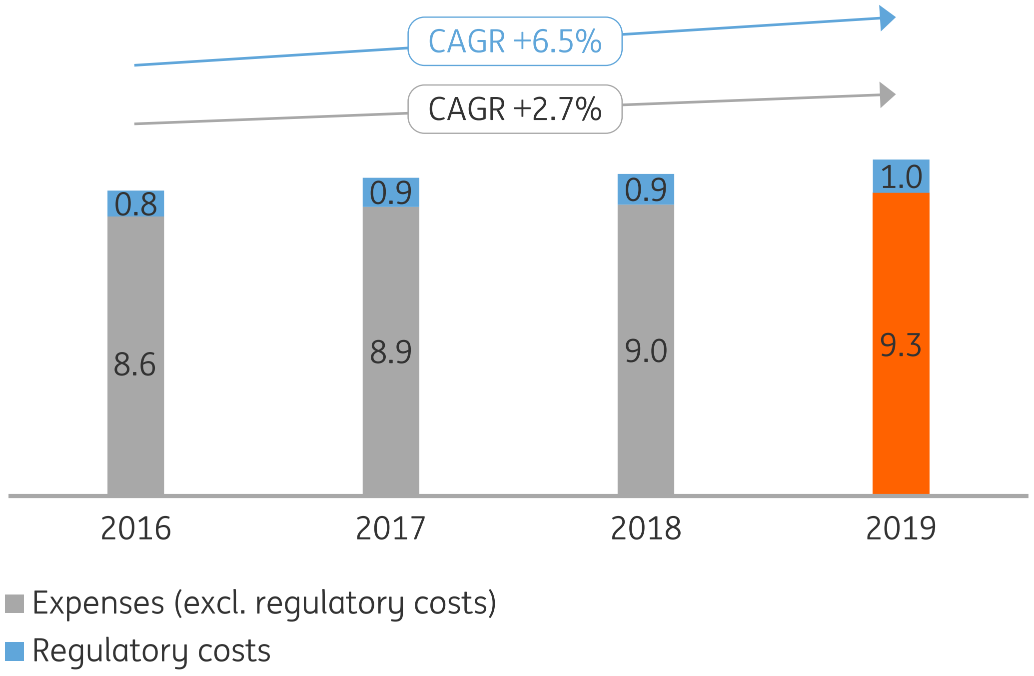
Net fee and commission income (in € bln)



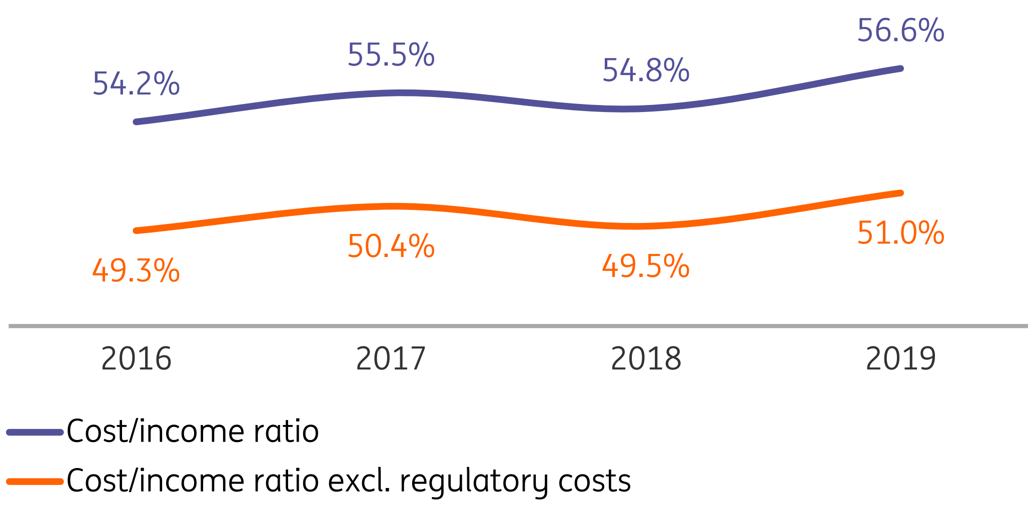
- Underlying income grew 1.2% in 2019, largely driven by stronger NII in the Retail Other Challengers & Growth Markets, Wholesale Banking and the Corporate Line, as well as higher net fee and commission income in Retail Banking, especially in Retail C&GM. This growth was partly offset by weaker NII in Retail Benelux and Germany, reflecting interest margin pressure on customer deposits
- Net fee and commission income increased by 2.3% in 2019, mainly driven by higher fees in Retail C&GM which was partly offset by lower deal activity in WB
- Investment and other income remained stable at €1.4 bln

Underlying expenses increased driven by higher KYC, staff and regulatory costs

Underlying operating expenses (in € bln)



Underlying cost/income ratio

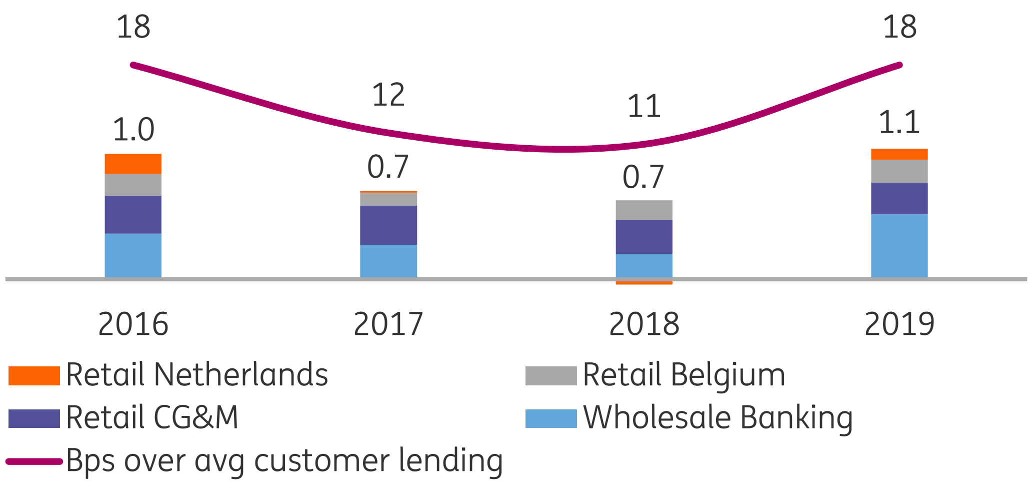


- Underlying operating expenses have increased despite ongoing cost discipline due to a combination of factors: higher KYC-related expenses, increased staff costs, further increasing regulatory expenses* and continued investments in business growth
- Underlying Cost/income ratio was higher at 56.6% in 2019 (51.0% excluding regulatory costs) compared to 54.8% in 2018

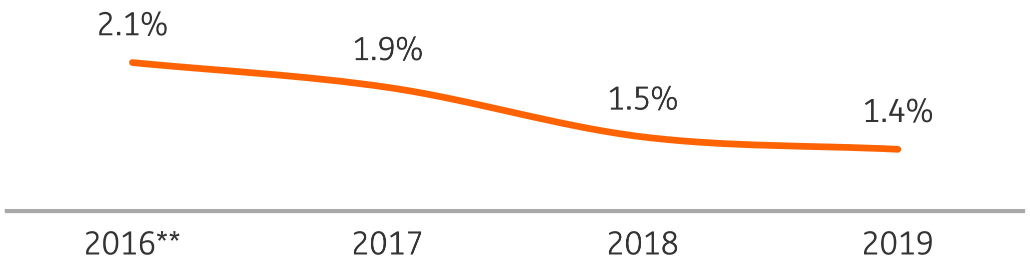
* Total 2019 regulatory costs €1,021 mln of which €420 mln bank taxes, €362 mln Deposit Guarantee Schemes (DGS) and €239 mln Single Resolution Fund (SRF)

Risk costs increased, remaining below through-the-cycle average

Risk costs (in € bln and bps of average customer lending)



Stage 3 ratio

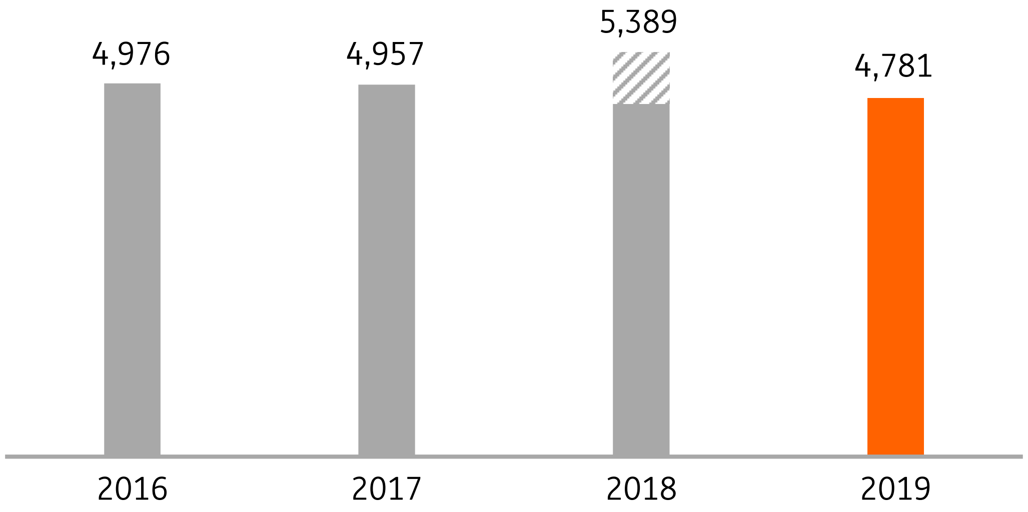


- Risk costs increased to €1,120 mln in 2019, or 18 bps of average customer lending, remaining below the through-the-cycle average of ~25 bps
- The increase was mainly driven by a number of large individual files in Wholesale Banking as well as higher, but still relatively low, risk costs in Retail Netherlands after net releases in 2018 and a change in the house price index that is used for Dutch mortgages in 3Q19
- Based on the Stage 3 ratio and the total outstandings earmarked as ‘at risk’*, the quality of the overall loan book improved in 2019
- A further analysis of Wholesale Banking risk costs for 2019 does not indicate a correlation in geography or sector originating the risk costs
- Furthermore, the underlying causes of provisioning for individual Wholesale Banking files vary, including overhang from trade war tensions, project-related losses and shifts in commodity prices
- See “Asset Quality” section of presentation for further details

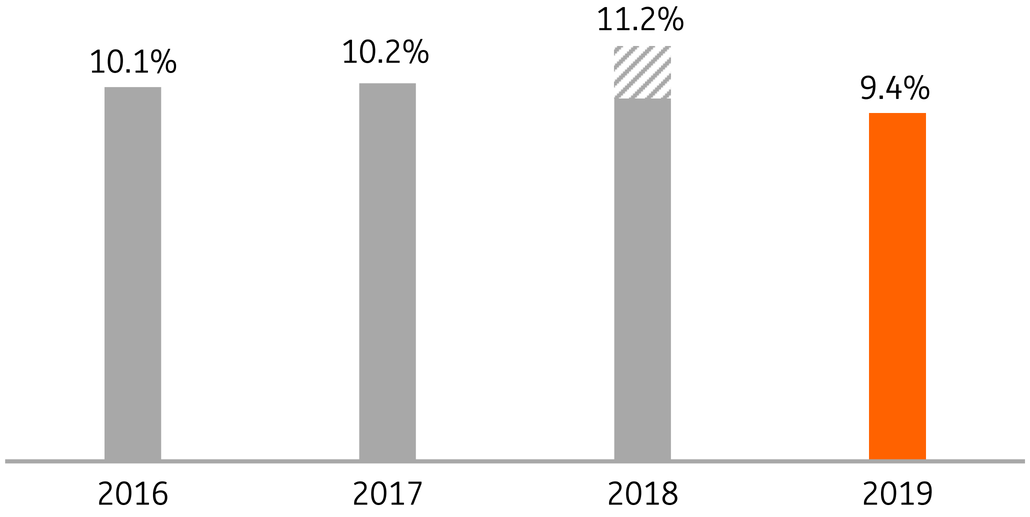
* Outstandings categorised as Non-Performing Loan (NPL), Substandard or Watch List (WL)
** NPL-ratio

Underlying result down 11.3% in 2019; ROE at 9.4% for FY2019

Underlying net result* (in € mln)



Underlying return on equity*



€685 mln incl. €-775 mln settlement impact and €90 mln net result from Insurance other

- ING recorded underlying 2019 net profit of €4,781 mln, 11.3% lower than in 2018, as higher income was more than offset by higher risk costs, increased expenses, including higher KYC and regulatory expenses, and a higher effective tax rate
- The 2019 underlying return on equity* was 9.4% compared to 11.2% in 2018

* Including the settlement impact of €-775 mln recorded in 3Q18 and the €90 mln net result from Insurance other, ING's 2018 net result was €4,703 mln and ING's 2018 total return on average IFRS-EU equity excluding 'interim profit not included in CET1 capital' was 9.8%

ING Group financial ambitions

		Actual 2018	**Actual 2019**	Financial ambitions
Capital	• CET1 ratio (%)	14.5%	**14.6%**	~13.5%* (Basel IV)
	• Leverage ratio (%)	4.4%	**4.6%**	>4%
Profitability	• Underlying ROE (%)** (IFRS-EU Equity)	11.2%	**9.4%**	10-12%
	• *Underlying C/I ratio (%)***	*54.8%*	***56.6%***	*50-52%*
Dividend	• Dividend (per share)	€0.68	**€0.69**	Progressive dividend

* Implies management buffer (incl. Pillar 2 Guidance) of ~170 bps over prevailing fully loaded CET1 requirements (currently 11.83%, but is expected to rise to 11.99% in 2020 due to phasing-in of countercyclical buffers)
** Based on 4-quarter rolling average, the ING Group ROE is calculated using IFRS-EU shareholders' equity after excluding 'interim profit not included in CET1 capital'. As at 31 December 2019, interim profit not included in CET1 capital amounts to €1,754 mln, set aside for future dividend payments

4Q2019 results

We continue our efforts to counter financial and economic crime

Continued focus on know your customer (KYC)

- The number of FTE working globally on know your customer (KYC) related activities has increased to ~4,000
- We made further progress in the global rollout of KYC tools that enable us to onboard customers and monitor their transactions across our global network in a more effective and consistent way
- We completed the implementation of our systematic integrity risk analysis in all business lines and regions, ensuring uniform and consistent KYC risk assessments across the bank
- In Italy, we continue to take steps to improve processes and management of KYC as required by Banca d'Italia

We keep investing in regulatory compliance

- We announced an investment in US-based regulatory technology company Ascent. The company uses machine learning and natural language processing to help **build, manage and automate regulatory compliance**
- Following the announcement to investigate the possibilities **to cooperate on transaction monitoring** with four Dutch banks, a project structure and work streams have been set up as part of a proof of concept to enable data sharing
- In Belgium, ING has joined forces with other banks and fintech Isabel Group **to more effectively identify suspicious transactions**

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Our focus on building an innovative and sustainable bank

Important milestones on innovation achieved in 4Q2019

- In Poland, ING is the first bank on the Polish market to introduce account aggregation within Moje ING (internet and mobile)
- Yolt has grown to over 1 million registered users and won the Best Personal Finance App award at the International Payments Awards 2019. It has now expanded to offer open banking for businesses
- In line with our strategy to create innovative fintech solutions and then support them in becoming independent companies, ING is spinning out Katana, the advanced analytics platform that supports trading portfolio managers in making faster and sharper investment decisions

We are recognised as a leader in sustainability

- ING was recognised as an A-list company for leadership on climate action for the fifth year in a row by CDP, the leading global environmental disclosure platform
- In 2019 we reinforced our commitment to help our customers reach their sustainability goals by closing more than twice the amount of sustainable finance deals compared to the previous year
- In 4Q2019, ING has supported 13 sustainability improvement loans, plus 3 green loans and 12 sustainable bonds

.italo

€1.1 bln syndicated Green loan – Largest Green loan issued within the global transportation sector

SR-Boligkreditt

€500 mln Green covered bond – 1st Green covered bond for the company

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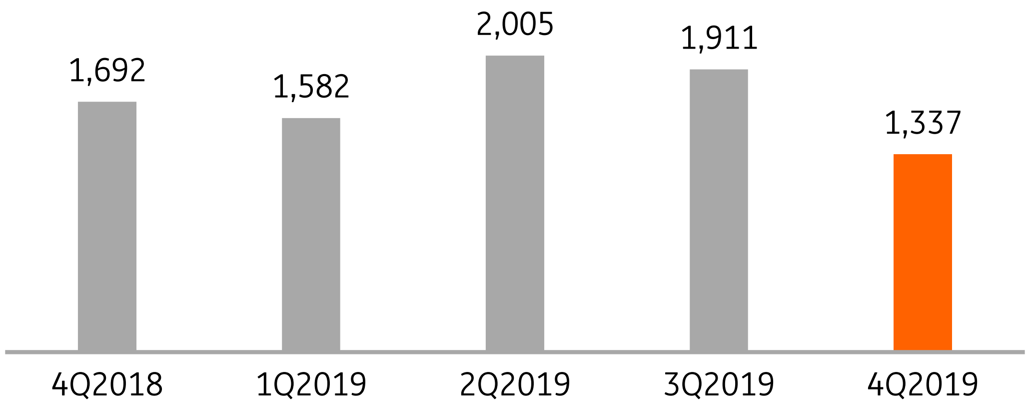
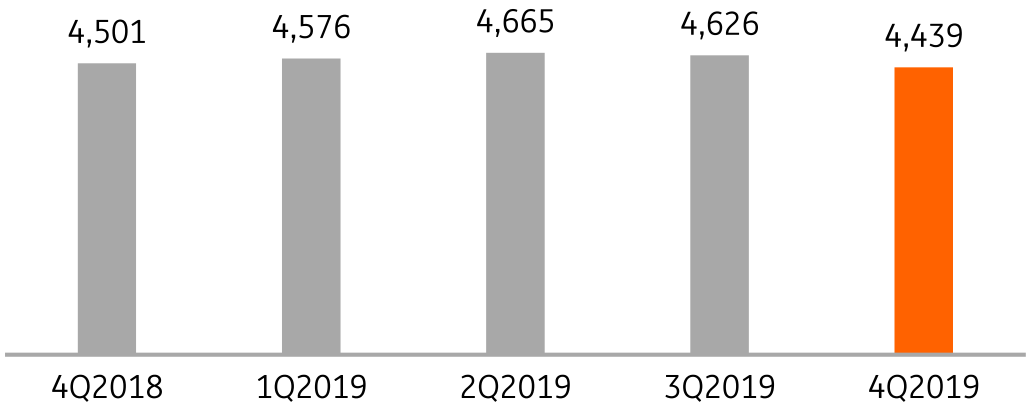
Income reflects discipline in lending margins and fee growth

Underlying pre-tax result (in € mln)



Total underlying income (in € mln)



- 4Q2019 underlying result before tax was €1,337 mln, down 21.0% from a year ago, due to slightly lower income, higher expenses and higher risk costs
- Underlying income was €62 mln lower compared to 4Q2018 as discipline in lending margins and higher fee income were offset by primarily negative value adjustments in Financial Markets, while the year-ago quarter included an exceptional €50 mln higher profit from our stake in TMB
- Sequentially, the decrease in pre-tax result was driven by a combination of lower income, partly caused by €93 mln dividend from the Bank of Beijing received in the previous quarter, as well as higher expenses, including seasonally higher regulatory expenses, and increased risk costs

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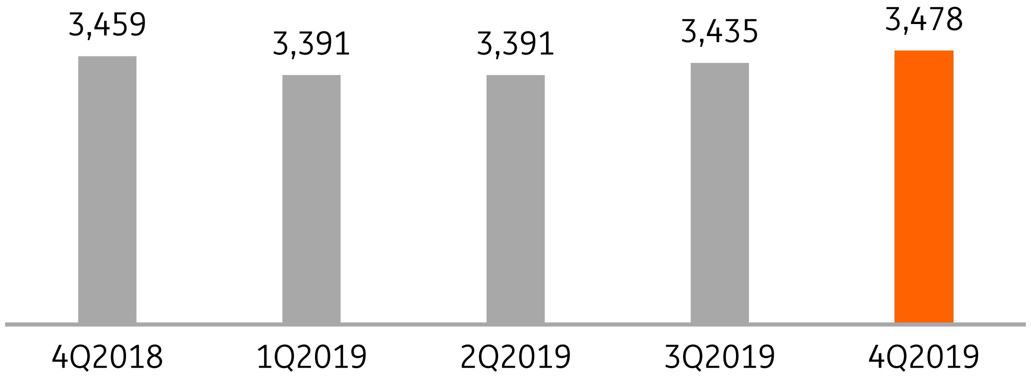
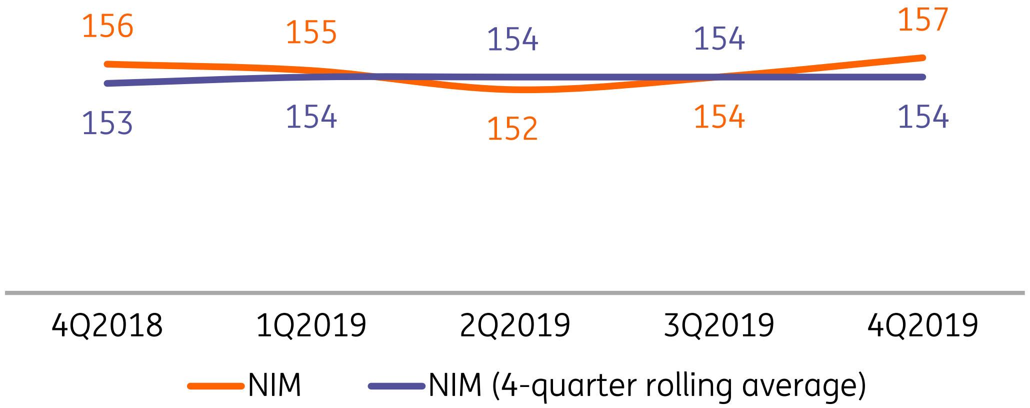
NII improved on year-ago and previous quarter; 4-quarter rolling NIM at 154 bps

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



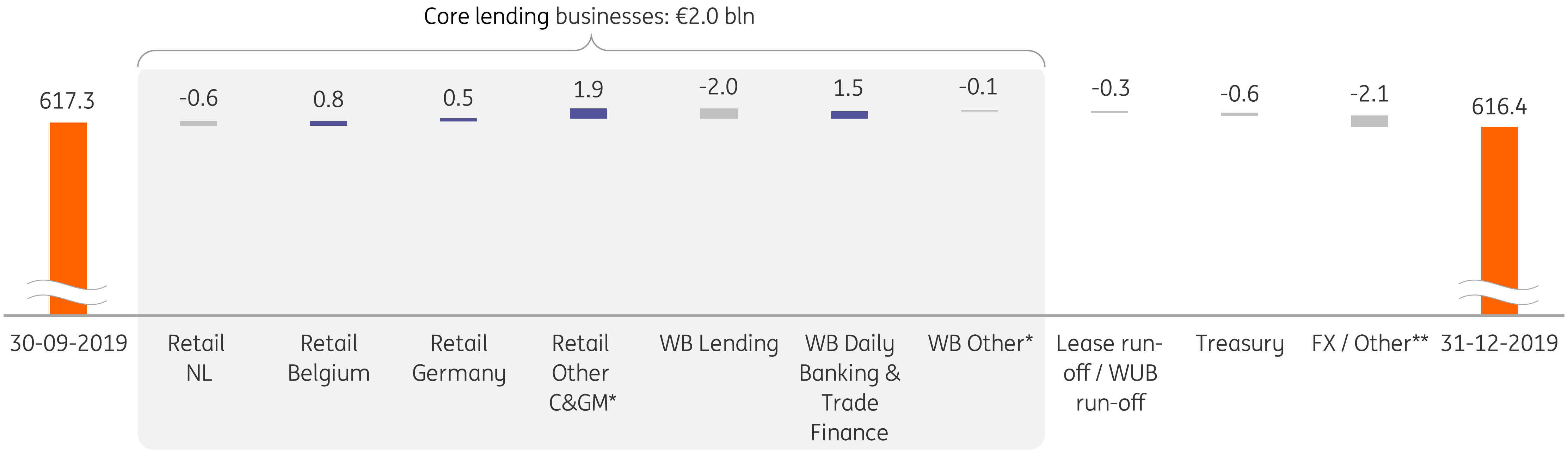
Higher NIM partially explained by FM (in bps)



- Net interest income, excluding Financial Markets, increased 0.5% compared to 4Q2018. Improved NII in the Corporate Line and some one-offs in Wholesale Banking, combined with higher volumes in customer lending and improved margins on mortgages, more than offset the negative impact of lower interest margins on customer deposits
- Quarter-on-quarter, NII excluding FM improved 1.3%, mainly due to higher interest results in Treasury
- NIM was 157 bps, up three basis points on 3Q2019. This was mainly attributable to higher (volatile) interest results in Financial Markets, combined with higher net interest income in Treasury and improved lending margins. These factors compensated for lower interest margins on customer deposits

4Q2019 net core lending

Customer lending ING Group 4Q2019 (in € bln)

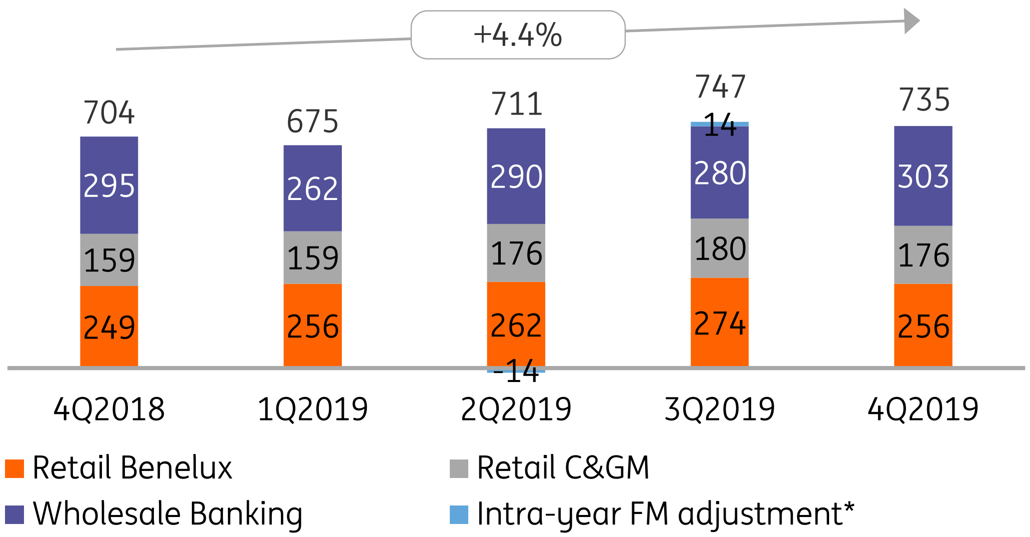


- Our net core lending grew by €2.0 bln in 4Q2019:
  - Retail Banking increased by €2.6 bln of which €1.9 bln was mortgage growth in most countries and €0.7 bln was other lending growth
  - Wholesale Banking reported a decrease of €0.6 bln, mainly in Lending, reflecting prepayments on some large term loans. This was partly offset by growth in Trade Finance, supported by higher oil prices

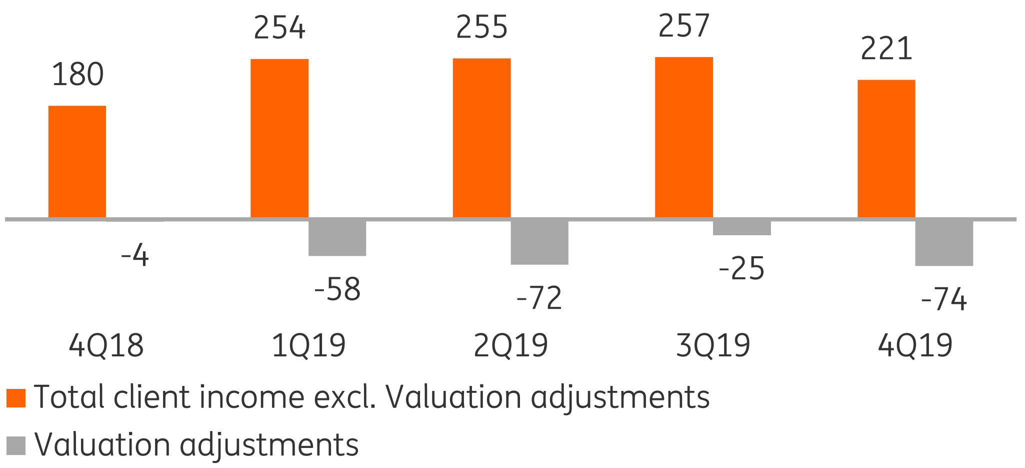
* C&GM is Challengers & Growth Markets; WB Other includes Financial Markets
** FX impact was €-1.5 bln and Other €-0.6 bln

Further growth of fee income; FM client business improved YoY

Net fee and commission income* (in € mln)



Underlying income Financial Markets (in € mln)

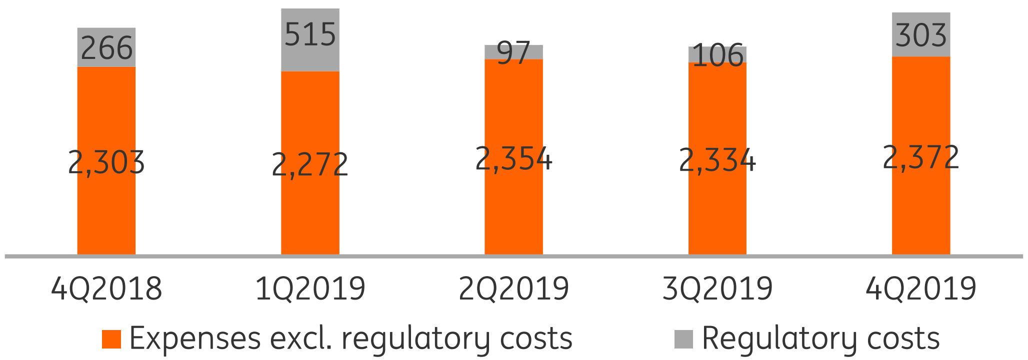


- Fees increased by €31 mln YoY, or 4.4%, driven by higher fees in Retail Banking and in Treasury & Other in Wholesale Banking.
- Sequentially, excluding the FM adjustment in 3Q2019, fee income was €2 mln higher. In Wholesale Banking fees increased, mainly due to more deal activity. This was partly offset by lower fee income in Retail Banking, primarily reflecting adjustments relating to previous quarters in the Netherlands and Belgium**
- Excluding valuation adjustments, Financial Market's income rose by €41 mln versus 4Q2018 driven by higher income from Rates, Credit Trading and Global Capital Markets. Including valuation adjustments, total income decreased by €29 mln. Sequentially, income was €85 mln lower, caused by higher negative valuation adjustments and seasonally lower income in Client Trading

* In 3Q2019, an increase in fees of €14 mln in Wholesale Banking was caused by the reclassification of commissions paid in 2Q2019 to Other Income
** In 4Q2019, caused by some accounting adjustments, the reported Net fee and commission income was understated by €7 mln in 4Q2019 and overstated by €5 mln in 3Q2019

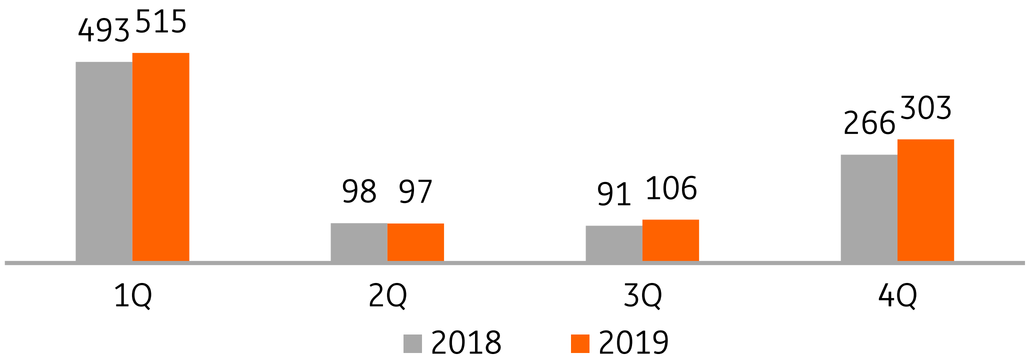
Higher expenses driven by elevated KYC costs

Underlying operating expenses (in € mln)

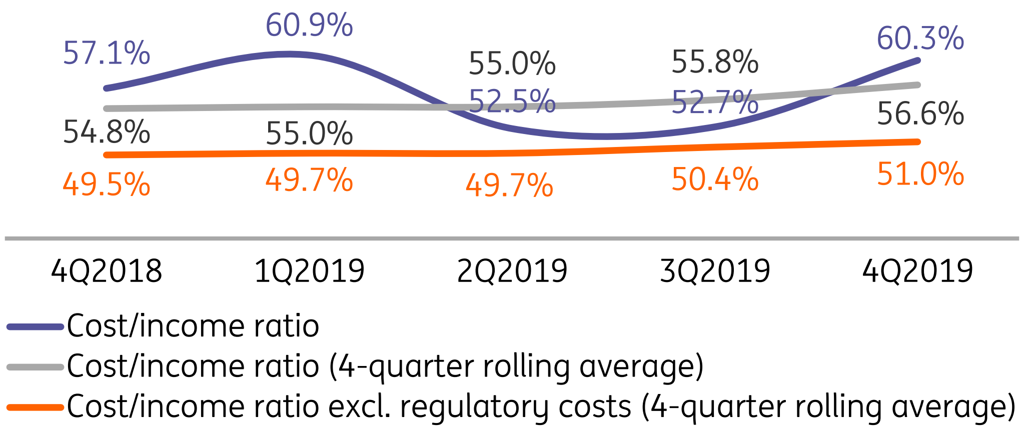


- Expenses excl. regulatory costs rose by €69 mln YoY, mainly due to approximately €75 mln of higher expenses related to KYC. Higher expenses for business growth, salary increases and IT investments were largely offset by cost savings and some one-offs, including a VAT refund in the Corporate Line
- Sequentially, expenses excl. regulatory costs increased by €38 mln, mainly driven by €25 mln of higher KYC-related costs and higher expenses for business growth and salary increases, whereas 3Q2019 included €40 mln of legal provisions in Retail C&GM

Regulatory costs* (in € mln)



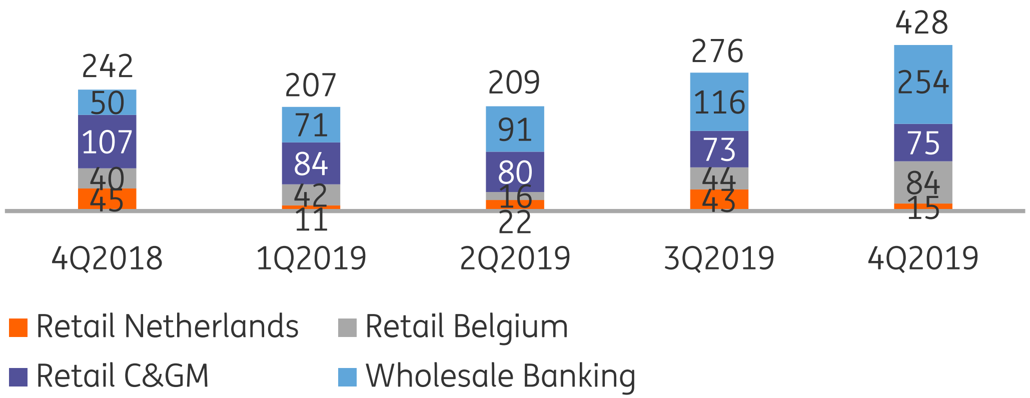
Underlying cost/income ratio



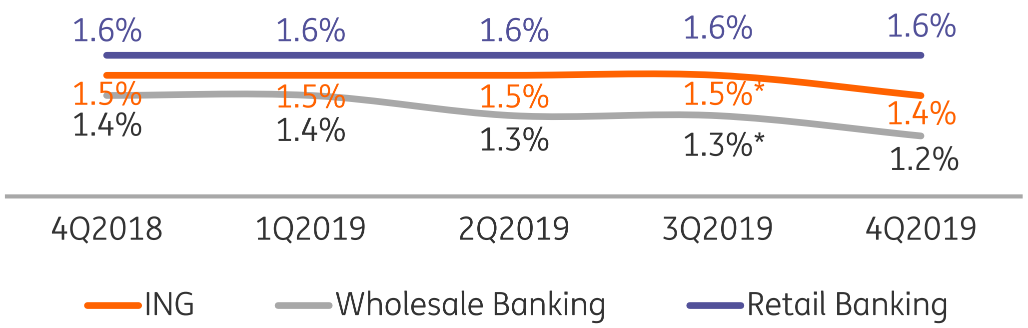
* Formal build-up phase of DGS and SRF should be completed by 2024

Risk costs increased sequentially, asset quality remains strong

Risk costs (in € mln)



Stage 3 ratio



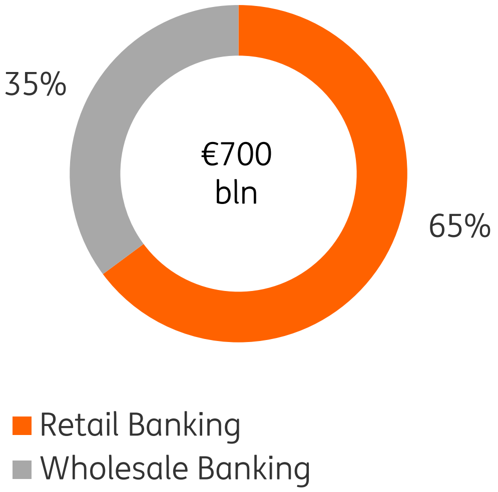
- 4Q2019 risk costs were €428 mln, or 28 bps of average customer lending, slightly above the through-the-cycle average of approx. 25 bps. The Bank's Stage 3 ratio improved to 1.4%, partly due to write-offs of some larger files in Wholesale Banking
- Retail Netherlands risk costs fell to €15 mln, mainly reflecting lower risk costs on mortgages, which were impacted by a change in the house price index that is used in 3Q19. Retail Belgium risk costs increased to €84 mln, partly due to higher risk costs on individual mid-corporate clients. Retail C&GM had slightly higher risk costs at €75 mln, as a higher net release in Germany was offset by higher risk costs in Turkey and Poland
- WB risk costs increased to €254 mln, mainly due to individual Stage 3 provisions both on existing and some new files, mainly in the Americas, Belgium and Asia. Underlying causes varied, including a sizable provision for a suspected external fraud case.
- The Stage 3% in WB remains low at 1.2% and based on the exposure earmarked as 'at risk' the quality of the loan book improved compared to the previous quarter
- See "Asset Quality" section of the presentation for further details

* Stage 3 credit-impaired as per 30 September 2019 adjusted downwards by €548 mln

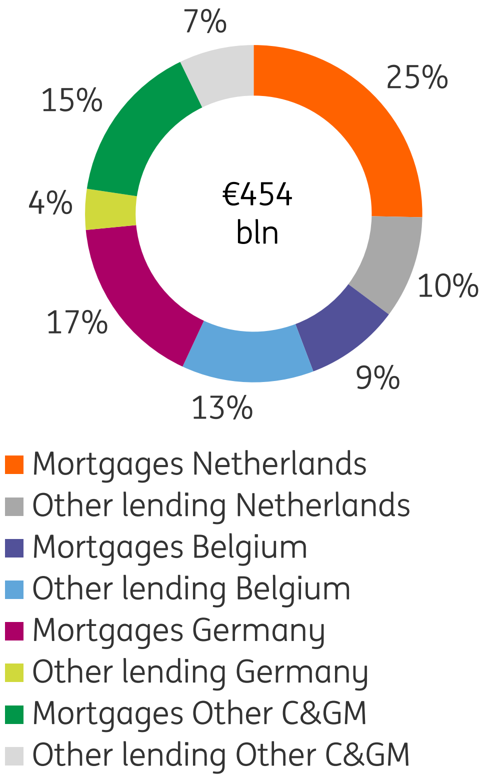
Asset quality

Well-diversified lending credit outstandings by activity

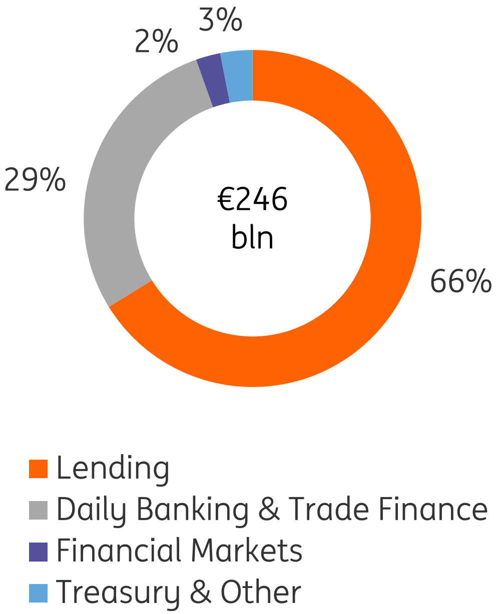
ING Group*



Retail Banking*



Wholesale Banking*



- ING has a well-diversified and well-collateralised loan book with a strong focus on own-originated mortgages; 65% of the portfolio is retail-based

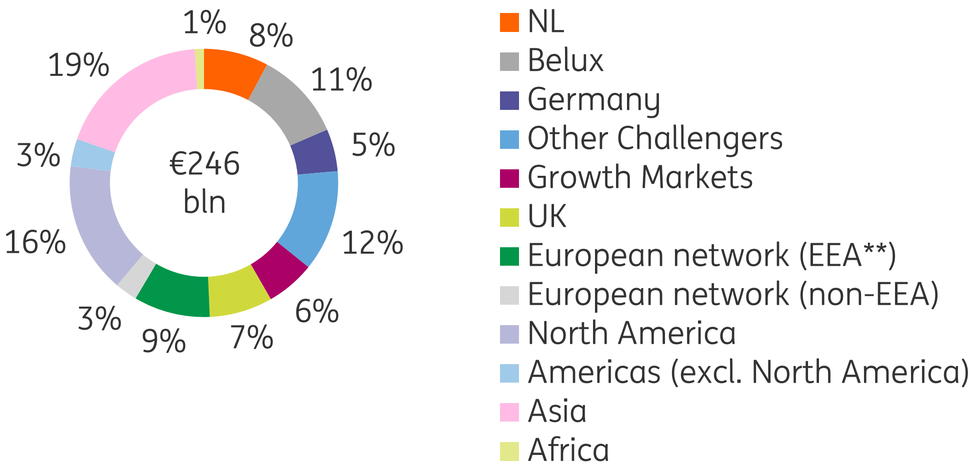
Note: percentages for Retail (Netherlands) and Wholesale Banking have changed versus 4Q2018 as Real Estate Finance portfolio related to Dutch domestic midcorporates was transferred to Retail Netherlands from Wholesale Banking as per 2Q2019

* 31 December 2019 lending and money market credit outstandings, including guarantees and letters of credit, but excluding undrawn committed exposures (off-balance sheet positions)

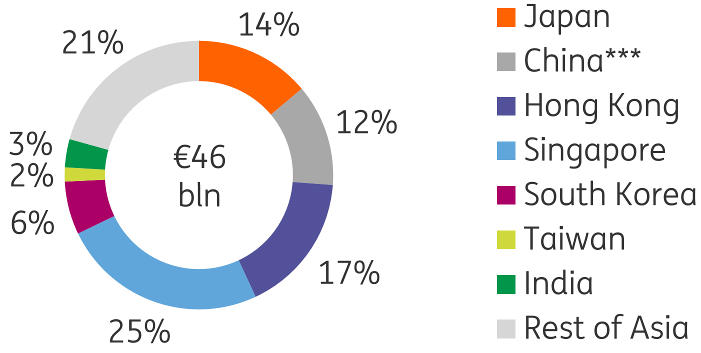
Granular Wholesale Banking lending credit outstandings by geography and sector

Loan portfolio is well diversified across geographies…

Lending Credit O/S Wholesale Banking (4Q2019)*

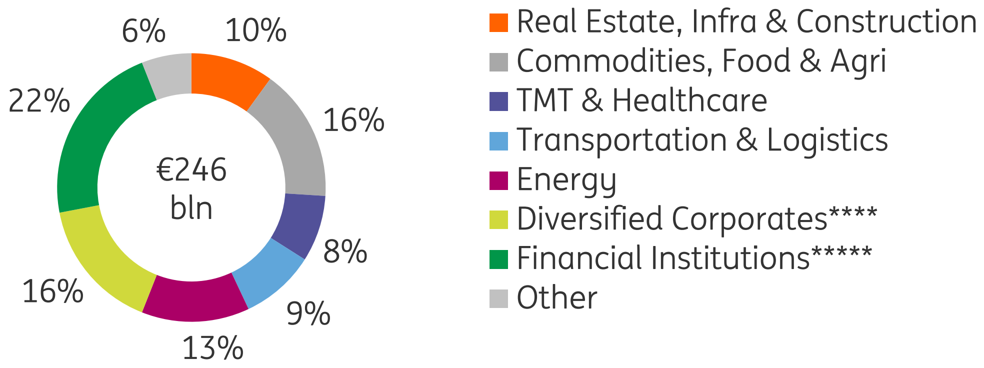


Lending Credit O/S Wholesale Banking Asia (4Q2019)*



…and sectors

Lending Credit O/S Wholesale Banking (4Q2019)*



Note: percentages for WB Netherlands are lower versus 4Q2018 as Real Estate Finance portfolio related to Dutch domestic midcorporates was transferred to Retail Netherlands from Wholesale Banking as from 2019

* 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)

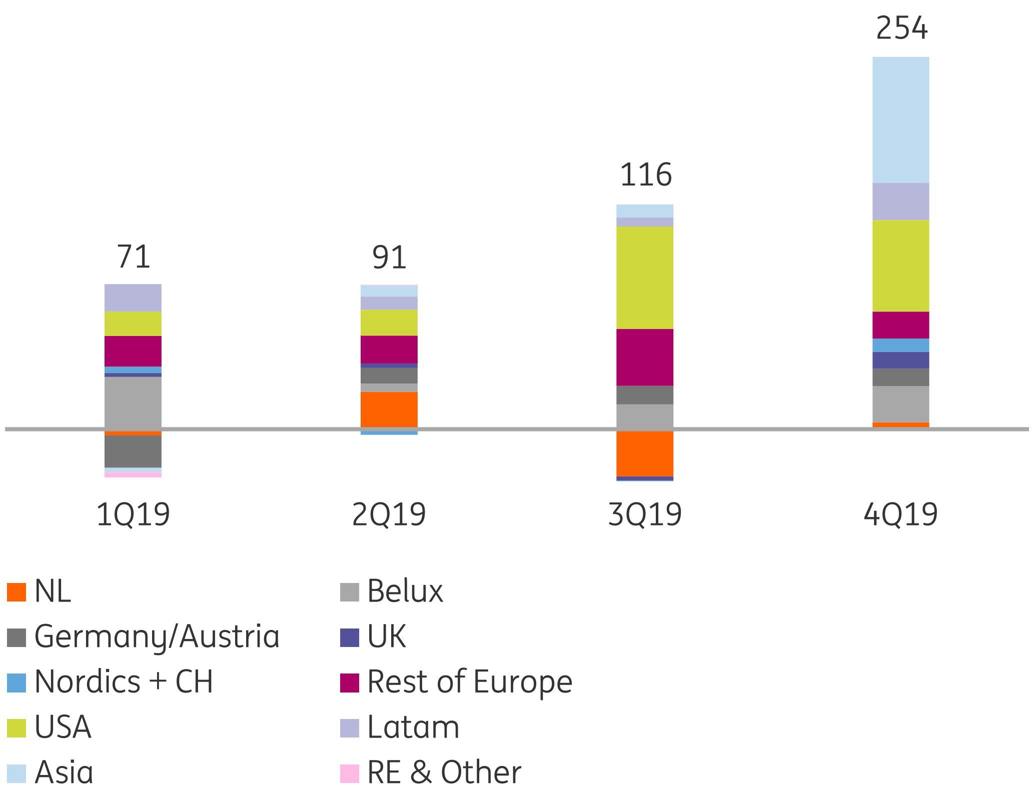
*** Excluding our stake in Bank of Beijing (€2.0 bln at 31 December 2019)

**** Large corporate clients active across multiple sectors

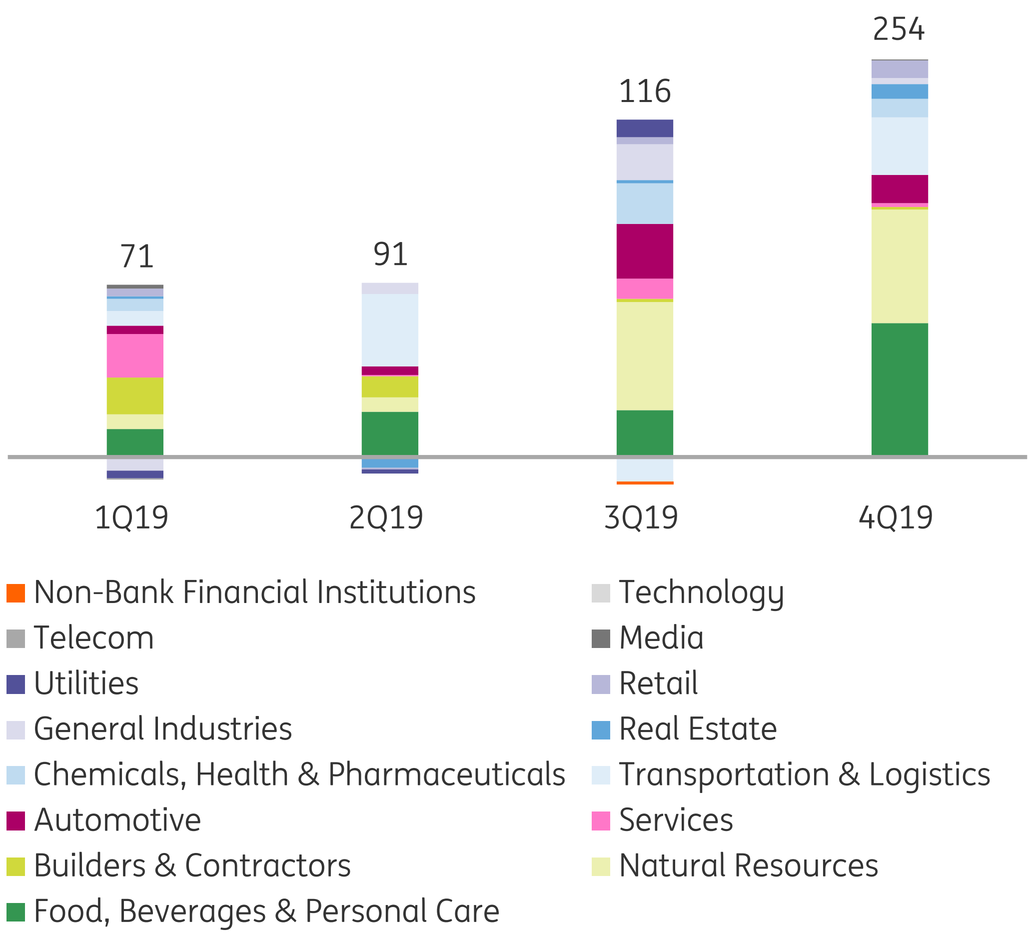
***** Including Financial sponsors

Breakdown of quarterly risk costs Wholesale Banking 2019 per geography and sector

Breakdown of geography which generated risk costs WB (in € mln)



Breakdown of sector which generated risk costs WB (in € mln)



Detailed Stage 3 disclosure on selected portfolios

Selected portfolios (in € mln)

	Lending credit O/S 4Q2019	Stage 3 ratio 4Q2019	Lending credit O/S 3Q2019	Stage 3 ratio 3Q2019	Lending credit O/S 4Q2018	Stage 3 ratio 4Q2018
Wholesale Banking	**246,223**	**1.2%**	**257,082**	**1.5%**	**236,248**	**1.4%**
Lending	163,051	1.4%	171,509	1.7%	153,260	1.5%
Daily Banking & Trade Finance	69,821	0.6%	67,594	1.1%	68,708	0.3%
Selected industries						
Real Estate Finance*	34,733	0.5%	34,028	0.9%	33.800	1.1%
Oil & Gas related**	39,022	2.3%	37,845	2.3%	38,000	1.6%
Metals & Mining	15,675	1.7%	16,323	2.7%	16,249	2.2%
Shipping & Ports***	14,869	2.2%	15,272	4.2%	14,605	3.7%
Selected countries						
Turkey****	10,616	4.3%	11,291	4.1%	13,011	2.8%
Russia	5,061	0.0%	5,533	0.1%	5,700	0.2%
Ukraine	778	12.6%	871	18.3%	876	21.6%

* Includes both WB Real Estate Finance portfolio and Dutch domestic midcorporates portfolio which was transferred from Wholesale Banking to Retail Netherlands in 2Q2019
** Of which €4.4 bln (or 11% of Oil & Gas related exposures) is related to reserve-based lending (9%), offshore drilling (1%) and offshore Services (1%)
*** Shipping & Ports includes Coastal and Inland Water Freight which is booked within Retail Netherlands. Excluding this portfolio, Stage 3 ratio is 2%
**** Turkey includes Retail Banking activities (€4.5 bln)

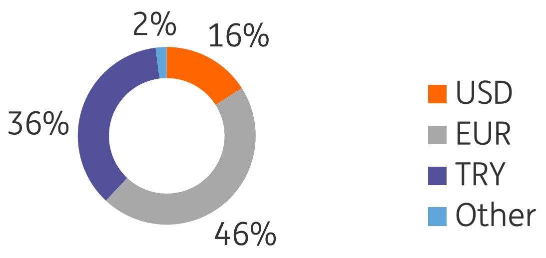
Overview Turkey exposure

Total exposure ING to Turkey* (in € mln)

	4Q2019	3Q2019	Change
Lending Credit O/S Retail Banking	**4,537**	**4,817**	**-5.8%**
Residential mortgages	529	537	-1.5%
Consumer lending	1,203	1,225	-1.8%
SME/Midcorp	2,804	3,054	-8.2%
Lending Credit O/S Wholesale Banking	**6,079**	**6,474**	**-6.1%**
Total Lending Credit O/S*	**10,616**	**11,291**	**-6.0%**

- Intra-group funding reduced from €2.2 bln at end-3Q2019 to €2.1 bln at end-4Q2019
- Reduction of outstandings in 4Q2019 is partly due to Turkish lira depreciation
- ING only provides FX lending to corporate customers with proven FX revenues; only limited rolling-over of FX lending facilities
- ECA-insured lending (Export Credit Agencies) is approx. €1.7 bln; approx. €0.6 bln of SME/Midcorp lending benefits from KGF cover (Turkish Credit Guarantee Fund)
- Quality of the portfolio remains relatively strong with a Stage 3 ratio of 4.3%

Lending Credit O/S by currency



Lending Credit O/S by remaining maturity

TRY**	~1 year
FX	~2 years

Stage 3 ratio and coverage ratio

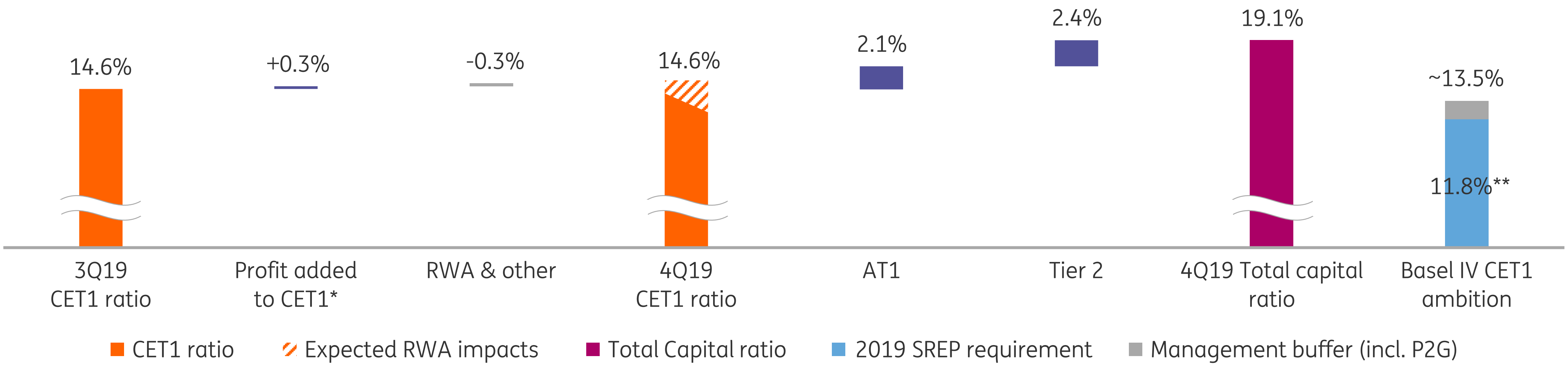
	4Q2019	3Q2019
Stage 3 ratio	4.3%	4.1%
Coverage ratio	51%	49%

* Data based on country of residence. Lending credit outstandings, including guarantees and letters of credit, but excluding undrawn committed exposures (off-balance sheet positions)
** Excludes residential mortgages, which have an average remaining maturity of ~6 years

Group capital, funding & liquidity

ING Group Total capital ratio up to 19.1% at the end of 4Q2019

ING Group Total capital ratio development



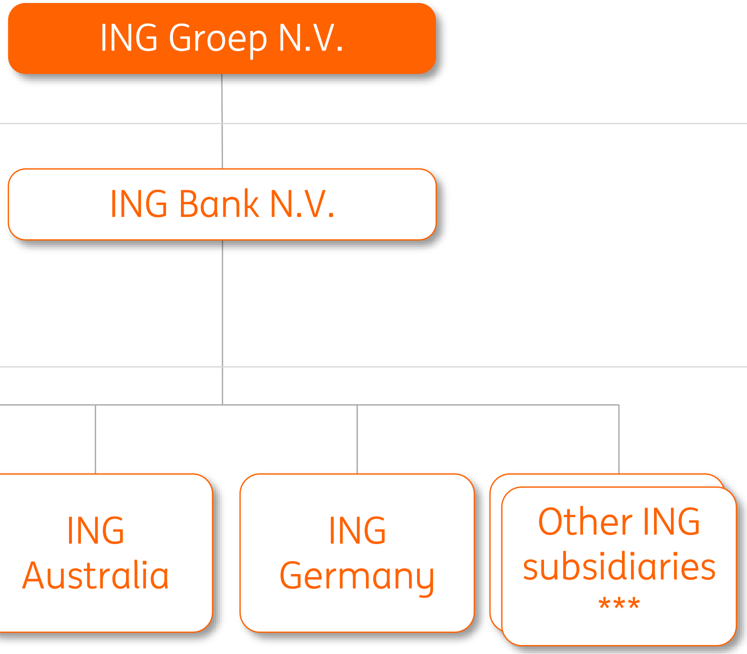
- The pro forma 4Q2019 CET1 ratio came in at 15.2%. However, as a €13.2 bln RWA increase reflecting part of the expected supervisory impact on RWA (largely TRIM) was taken in 4Q2019, the CET1 ratio was stable at 14.6%. The €13.2 bln RWA increase more than offset the addition of quarterly net profit and otherwise lower Credit RWA due to positive risk migration and currency impacts. Operational RWA decreased by €3.0 bln, while Market RWA were stable
- In the coming quarters, we will see additional RWA impact coming from banking regulation and model reviews (e.g. TRIM, DoD, other macro prudential add-ons), although the magnitude of RWA impact remains uncertain
- We remain well positioned to achieve our CET1 ratio ambition of around 13.5%

* €838 mln which consists of 4Q2019 Group net profit of €880 mln minus €42 mln set aside for future dividend payments
** Current SREP requirement is 11.83%, but is expected to rise to 11.99% in 2020 due to phasing-in of countercyclical buffers

Issuance entities under our approach to resolution

Issuance entities

Designated resolution entity



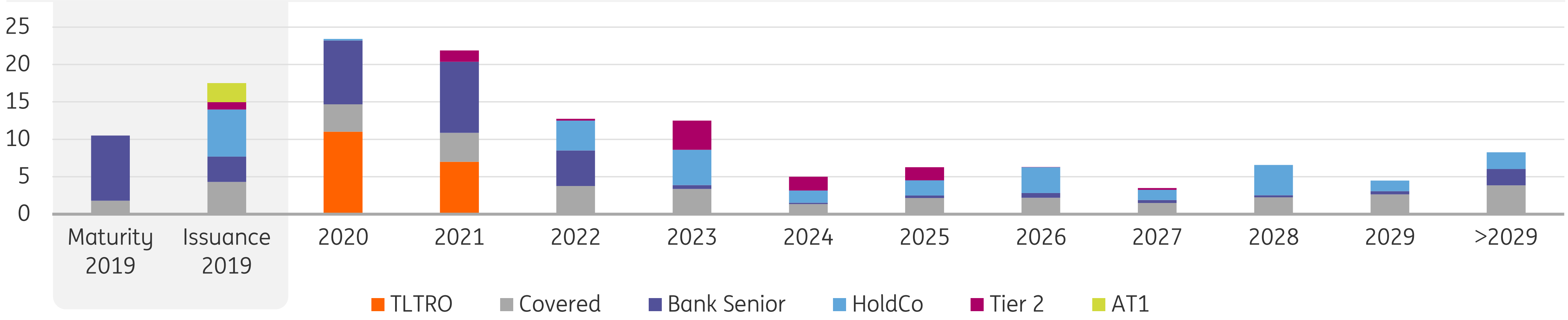
Eligible instruments for TLAC/MREL

	TLAC	Current MREL req.	Future MREL req.*
• Own funds (CET1 / AT1 / T2)	✓	✓	✓
• Senior unsecured debt (> 1 yr)**	✓	✓	✓
• Own funds	✓	✓	✓
• Senior unsecured debt (> 1 yr)	✗	✓	✗
• Secured funding	✗	✗	✗
• Operational funding needs (un)-secured debt	✗	✗	✗

* As per the SRB MREL policy from 16 January 2019
** As per the MREL/TLAC requirements, only debt with remaining maturity of >1yr is eligible
*** Including ING Bank Hipoteczny (subsidiary of ING Bank Slaski) which issued a green covered bond in 4Q19

Long-term debt maturity ladder and issuance activity in 2019

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



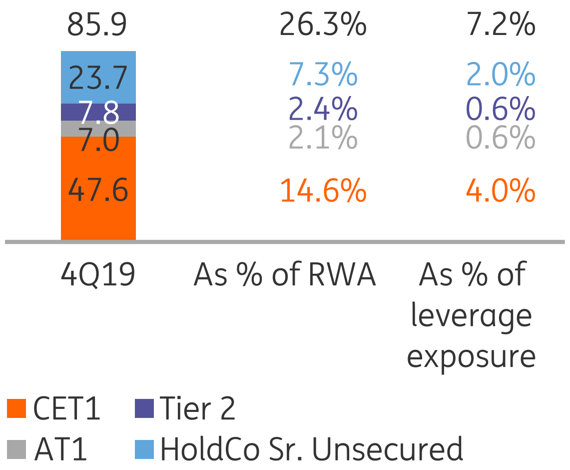
Issuance activity in 2019*

- Total issuance in 2019 was ~€17 bln with ~€11 bln maturities over the same period
- ~€2.5 bln of AT1 was issued in PerpNC5 and PerpNC7 formats
- €1.0 bln of T2 was issued in 11NC6 format
- ~€6.3 bln of HoldCo Senior debt was issued across various currencies (EUR, USD, JPY, AUD, and NOK)
- ~€3.4 bln of OpCo Senior Unsecured funding was raised through public and private channels**
- ~€4.3 bln of covered bonds was issued through ING Bank N.V, ING Germany, ING Australia, and ING Bank Hipoteczny
- ING Bank has ~€23 bln of Senior debt maturing over the next 3 years

* As per 31 December 2019; Tier 2 maturities based on 1st call date for callable bonds and contractual maturity for bullets. Excluding RMBS
** Excluding structured notes

ING's debt issuance programme in 2020

ING Group instruments (in € bln)*

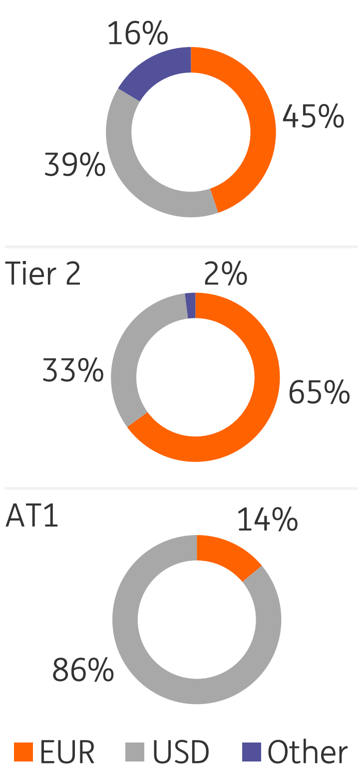


Key points

ING is currently meeting both MREL and TLAC requirements

ING expects to receive a new consolidated requirement based on the latest rules by the SRB in 1Q2020 with a phase-in period

Currency split*



Group / Bank issuance plan

Senior debt issuance

- ~€5-7 bln of HoldCo Senior planned for 2020, subject to new MREL requirements including a phase-in period
- OpCo Senior will be issued for internal ratio management and general corporate funding purposes

Tier 2

- Outstanding Tier 2 of ~€9 bln translates into a Tier 2 ratio of 2.4%**
- We intend to refinance Bank Tier 2 with Group instruments
  - ~€6 bln is Group Tier 2 and ~€3 bln is Bank Tier 2

AT1

- Outstanding AT1 of ~€7 bln translates into an AT1 ratio of 2.1%
- ~€2 bln grandfathered until 31 Dec 2021 following the grandfathering rules*
- ~€5 bln CRD IV compliant

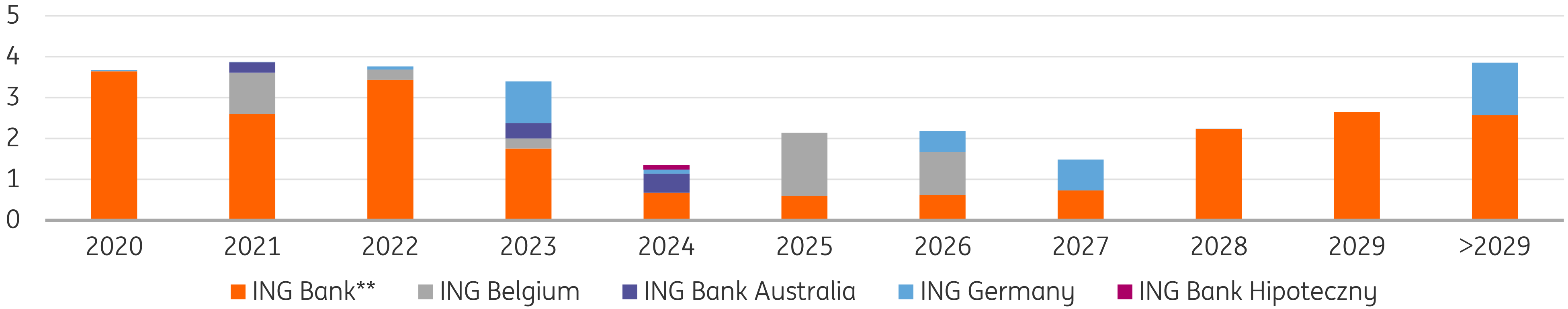
* TLAC requirements apply to ING Group at the consolidated level of the resolution group and are currently set at the higher of 16% of RWA or 6% TLAC leverage (LR). Effective 1 January 2022, these requirements will increase to the higher of 18% of RWA or 6.75% of TLAC LR (to which the leverage ratio buffer requirement of 0.5% will then be added). The combined buffer requirement (5.58% of RWA as at 31 December 2019) will be added to the RWA-based TLAC requirement when CRDV has been incorporated into Dutch law. ING Group has a TLAC surplus of €33.7 bln based on RWA and of €14.8 bln based on LR

** Including regulatory adjustments for Tier 2

Other subsidiaries remain active mainly through their covered bond programmes

	ING Bank N.V.	ING Belgium S.A./N.V	ING Bank (Australia) Ltd	ING Germany	ING Bank Hipoteczny
Instruments overview	• Secured funding • Senior unsecured	• Secured funding	• Secured funding	• Secured funding	• Secured funding
Outstanding	• Covered bond**: ~€21 bln • Senior unsecured: ~€28 bln	• Covered bond: ~€4 bln	• Covered bond: AUD$1.75 bln	• Covered bond: ~€4 bln	• Green Covered bond: PLN 400 mln
Covered Bond programme	• ING Bank Hard and Soft Bullet CB Programme • ING Bank Soft bullet CB Programme	• ING Belgium Residential Mortgage Pandbrieven Programme	• ING Australia Covered Bond Programme	• ING-DiBa Residential Mortgage Pfandbrief Programme	• ING Bank Hipoteczny Covered Bond Programme

Maturity profile covered bond (in € bln)*

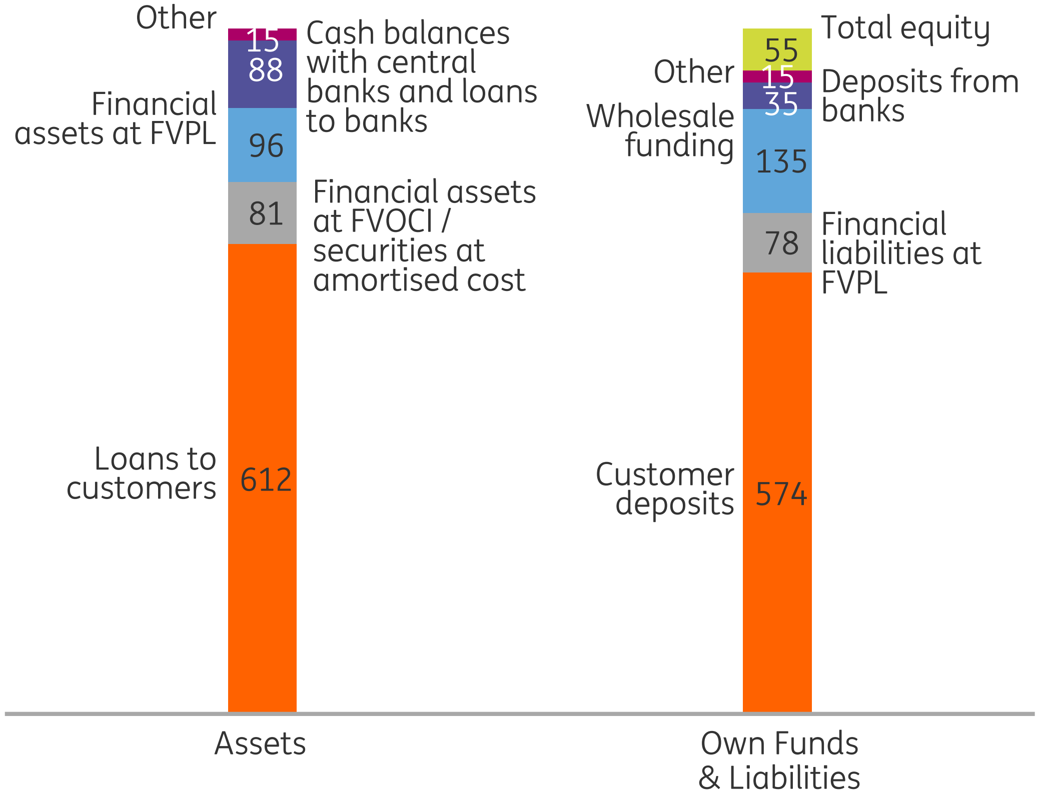


* As per 31 December 2019; Maturity ladder as per contractual maturity
** Outstanding for the ING Bank Hard and Soft Bullet CB Programme only

ING balance sheet: strong and conservative with customer deposits as the primary source of funding

Balance sheet ING Group (in € bln)

Balance sheet size ING Group 31 December 2019: €892 bln



Well diversified customer loan book

- See "Asset Quality" section of the presentation

Stable funding profile

- Over 64% of the balance sheet is funded by customer deposits
- 89% of total customer deposits is Retail Banking based
- Attractive loan-to-deposit ratio of 106% as per 31 December 2019*

Conservative trading profile

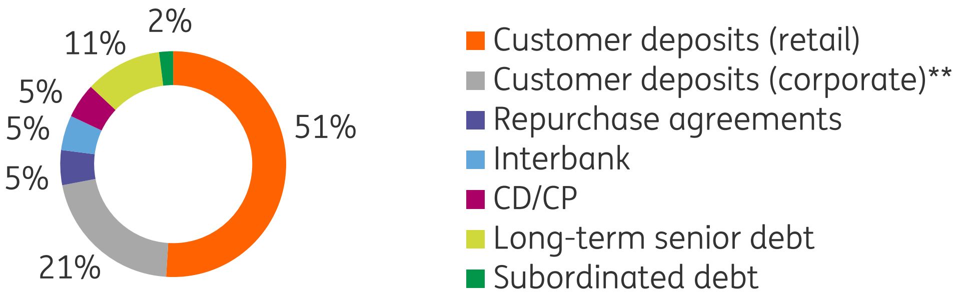
- Majority of our Financial Markets business is customer flow based where we largely hedge out positions, reflected in large but often offsetting assets and liabilities at FV positions
- Average VaR for ING's trading portfolio during 4Q2019 increased to €11 mln from €5 mln in the previous quarter

* Loan-to-deposit ratio is customer lending including provision for loan losses divided by customer deposits

Robust liquidity position

Funding mix*

31 December 2019



ING holds sizeable liquidity buffer

- ING's funding consists mainly of retail deposits, corporate deposits and public debt
- ING's 12-month moving average LCR increased slightly to 127% in the fourth quarter of 2019
- Besides the HQLA buffer, ING maintains large pools of ECB-eligible assets, in the form of internal securitisations and credit claims

Liquidity buffer

- Level 1: mainly core European sovereign bonds, SSA and US Treasuries
- Level 1B: core European and Nordic covered bonds
- Level 2A: mainly Canadian covered bonds
- Level 2B: mainly short-dated German Auto ABS
- ING currently does not have any Italian government, SSA or covered bonds in the investment portfolio

LCR 12-month moving average (in € bln)

	31 Dec. 19	30 Sep. 19
Level 1	124.9	127.1
Level 2A	4.8	4.3
Level 2B	4.3	4.3
Total HQLA	**134.0**	**135.7**
Stressed outflow	**198.5**	**199.6**
Stressed inflow	**92.8**	**92.3**
LCR	**127%**	**126%**

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

Strong rating profile at both Group and Bank level

Main credit ratings of ING on 5 February 2020

	S&P	Moody's	Fitch
Stand-alone rating	a	baa1	a+
Government support	-	1 notch	-
Junior debt support	1 notch	N/A	-
Moody's LGF support	N/A	3 notches	N/A
ING Bank NV (OpCo)			
Bank senior LT rating	A+	Aa3	AA-
Outlook	Stable	Stable	Stable
Bank senior ST rating	A-1	P-1	F1+
Tier 2	BBB+	Baa2	A
ING Groep NV (HoldCo)			
Group senior LT rating	A-	Baa1	A+
Outlook	Stable	Stable	Stable
AT1	BB	Ba1	BBB-
Tier 2	BBB	Baa2	A

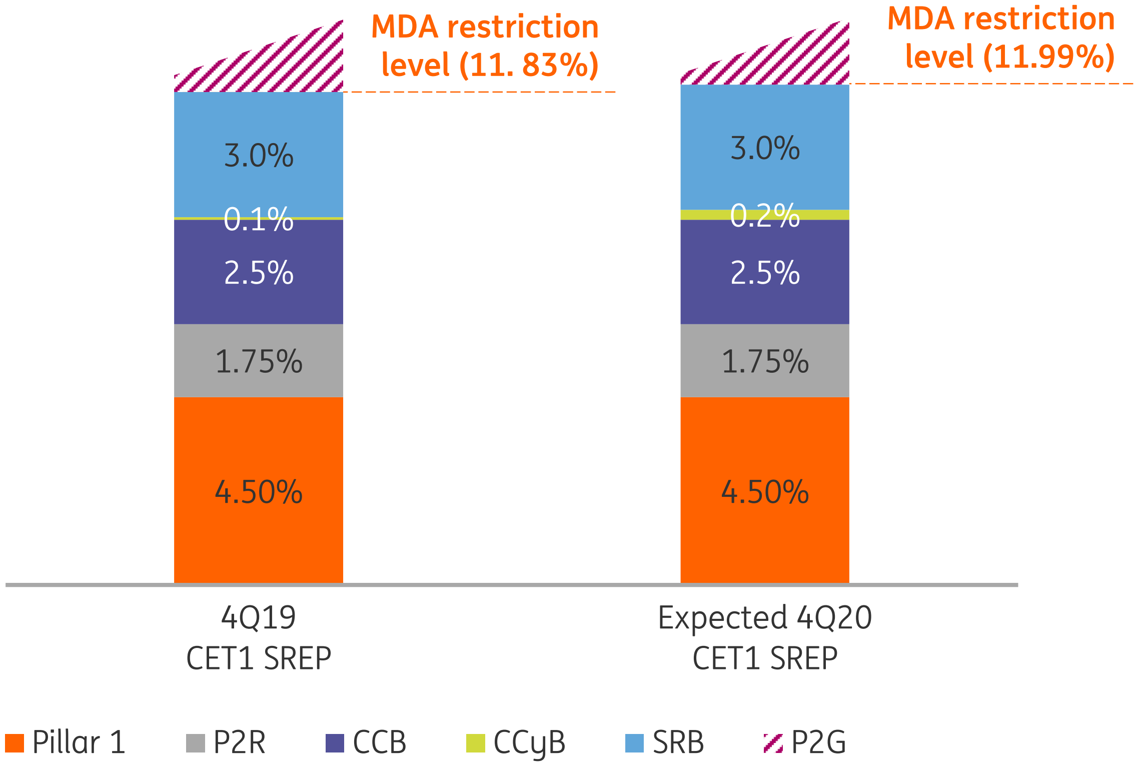
Latest ING rating actions

- Fitch: Feb-2019 ING Bank was upgraded to AA- from A+ with a stable outlook. The upgrade reflects the build-up of a significant and sustainable buffer of junior debt at the bank that could be made available to protect its senior third-party creditors from default
- Moody's: Sep-2017 ING Bank was upgraded to Aa3 from A1 with a stable outlook. The improvement was driven by resilient profitability, low asset risk, a strengthening capital position, as well as the expected build-up of loss-absorbing capital at ING Group
- S&P: Jul-2017 ING Bank was upgraded to A+ reflecting the expectation that in the coming years ING will build a sizable buffer of bail-in-able debt, while maintaining strong capital adequacy metrics thanks to resilient financial performance, supportive internal capital generation, and a broadly similar risk profile

Appendix

Managing our capital position above regulatory requirements

ING Group SREP

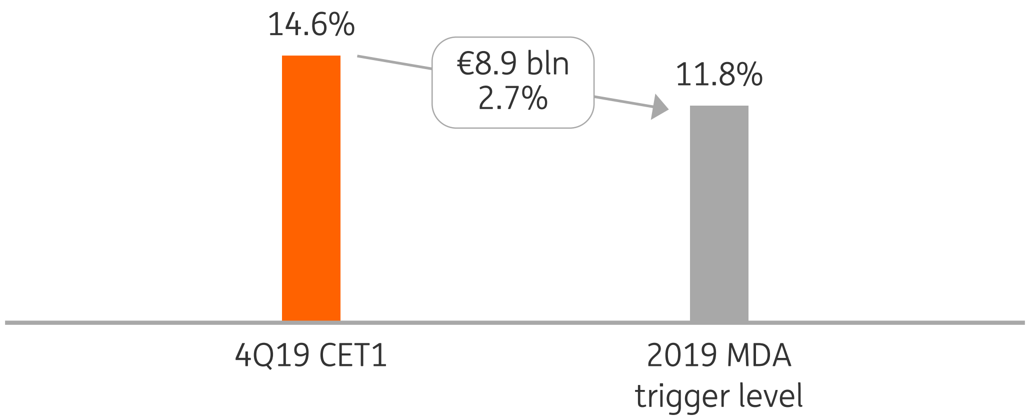


2020 SREP (Supervisory Review and Evaluation Process)

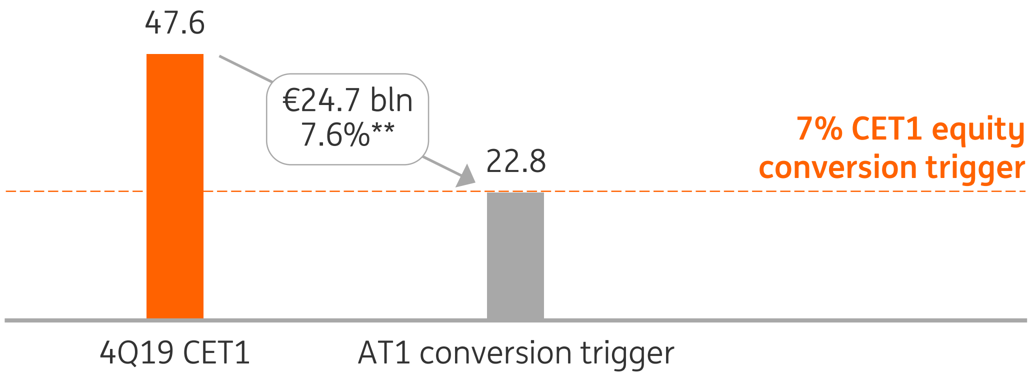
- Following the conclusion of the annual SREP process in December 2019, the European Central Bank has set ING Group's capital requirements for 2020
- The CET1 ratio requirement will increase during the year from 11.83% in 4Q19 to 11.99% in 4Q20, of which:
  - 4.50% Pillar 1 minimum (P1)
  - 1.75% Pillar 2 Requirement (P2R)
  - 2.50% Capital Conservation Buffer (CCB)
  - 3.00% Systemic Risk Buffer (SRB)
  - 0.24% Countercyclical Buffer (CCyB)
  - This excludes Pillar 2 Guidance (P2G)
- We have set a Basel IV CET1 ambition of around 13.5% implying a management buffer (including P2G) of ~1.5%

Additional Tier 1: comfortable buffers to triggers

Buffer to MDA 4Q2019*



Buffer to Conversion Trigger 4Q2019 (in € bln)



Buffer to MDA	• MDA restrictions will apply if ING Group breaches Combined Buffer Requirements (CBR) • Under the MDA framework, ING's trigger level is 11.83% as per 4Q2019 • ING's trigger level includes the 1.75% P2R and excludes P2G • As per 4Q2019, the buffer to the 2019 MDA restriction level is €8.9 bln or 2.7% of RWAs • This excludes €1,754 mln of profits that we have set aside for future dividend payments
Buffer to Conversion Trigger	• The ING Group capital buffer to conversion trigger (7% CET1) is high at €24.7 bln or 7.6% of RWAs • This excludes €1,754 mln of profits that we have set aside for future dividend payments
Available Distributable Items	• AT1 discretionary distributions may only be paid out of distributable items • As per year-end 2018, ING Group had approx. €43 bln of available distributable items following the CRDIV definition

* Including Countercyclical buffer of 0.08% as per 4Q2019
** Difference between 14.6% ING Group phased-in CET1 ratio in 4Q2019 and 7% CET1 equity conversion trigger

Outstanding benchmark capital securities

(Additional) Tier 1 securities issued by Group

Currency	Issue date	First call date	Coupon	Outstanding**	Issued	Reset spread
USD*	Sep-19	Nov-26	5.750%	1,500	1,500	UST + 434bps
USD	Feb-19	Apr-24	6.750%	1,250	1,250	USSW + 420bps
USD	Nov-16	Apr-22	6.875%	1,000	1,000	USSW + 512bps
USD*	Apr-15	Apr-20	6.000%	1,000	1,000	USSW + 445bps
USD*	Apr-15	Apr-25	6.500%	1,250	1,250	USSW + 445bps
USD***	Sep-05	Jan-11	6.125%	700	700	6.125%
EUR***	Jun-04	Jun-14	10yr DSL +10	563	1,000	10yr DSL +10
EUR***	Jun-03	Jun-13	10yr DSL +50	432	750	10yr DSL +50

Tier 2 securities issued by Group

Currency	Issue date	First call date	Coupon	Outstanding**	Maturity
EUR	Nov-19	Nov-25	1.00%	1,000	Nov-30
USD	Mar-18	Mar-23	4.70%	1,250	Mar-28
EUR	Mar-18	Mar-25	2.00%	750	Mar-30
EUR	Sep-17	Sep-24	1,625%	1,000	Sep-29
EUR	Feb-17	Feb-24	2.50%	750	Feb-29
EUR	Apr-16	Apr-23	3.00%	1,000	Apr-28

Tier 2 securities issued by Bank

Currency	Issue date	First call date	Coupon	Outstanding**	Maturity
EUR	Feb-14	Feb-21	3.63%	1,500	Feb-26
USD	Sep-13	n/a	5.80%	2,000	Sep-23

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

ING

Most recent HoldCo Senior transactions

HoldCo Senior Unsecured, EUR issuances

ISIN	Issue date	Maturity	Tenor	Coupon	Currency	Issued	Spread
XS2049154078*	Sep-19	Sep-25	6yr	0.100%	EUR	1,000	m/s + 60
XS1933820372	Jan-19	Jan-26	7yr	2.125%	EUR	1,000	m/s + 170
XS1909186451	Nov-18	Nov-30	12yr	2.500%	EUR	1,500	m/s + 135
XS1882544973	Sep-18	Sep-28	10yr	2.000%	EUR	1,500	m/s + 110
XS1882544205	Sep-18	Sep-23	5yr	3mE + 85	EUR	1,000	3mE + 85
XS1882544627	Sep-18	Sep-23	5yr	1.000%	EUR	1,000	m/s + 80
XS1771838494	Feb-18	Feb-25	7yr	1.125%	EUR	1,000	m/s + 42

HoldCo Senior Unsecured, USD issuances**

ISIN	Issue date	Maturity	Tenor	Coupon	Currency	Issued	Spread
US456837AP87	Apr-19	Apr-24	5yr	3.55%	USD	1,000	T + 130
US456837AQ60	Apr-19	Apr-29	10yr	4.05%	USD	1,000	T + 158
US45685NAA46 (RegS/144a)	Nov-18	Jan-26	7yr	4.625	USD	1,250	T + 150
US456837AM56	Oct-18	Oct-28	10yr	4.550%	USD	1,250	T + 150
US456837AK90	Oct-18	Oct-23	5yr	4.100%	USD	1,500	T + 112.5
US456837AL73	Oct-18	Oct-23	5yr	3mL + 100	USD	500	3mL + 100

HoldCo Senior Unsecured, $AUD, JPY, GBP issuances

ISIN	Issue date	Maturity	Tenor	Coupon	Currency	Issued	Spread
JP552843AKE0	Feb-19	Feb-2029	10yr	1.074%	JPY	21,100	YSO + 77
JP552843BKE8	Feb-19	Feb-2024	5yr	0.810%	JPY	88,900	YSO + 88
XS1953146245	Feb-19	Feb-2026	7yr	3.000%	GBP	1,000	G + 210
JP552843AJQ6	Dec-18	Dec-23	5yr	0.848%	JPY	107,500	YSO + 75
JP552843BJQ4	Dec-18	Dec-28	10yr	1.169%	JPY	19,200	YSO + 90
XS1917902196	Dec-18	Jun-29	10.5yr	5.00%	AUD	175	ASW + 226
XS1917901974	Dec-18	Dec-22	4yr	3mBBSW+155	AUD	400	3mBBSW + 155

* Callable HoldCo Senior instrument with the first call in Sep-24
** HoldCo USD issues are SEC registered unless mentioned otherwise

Green bond

ING

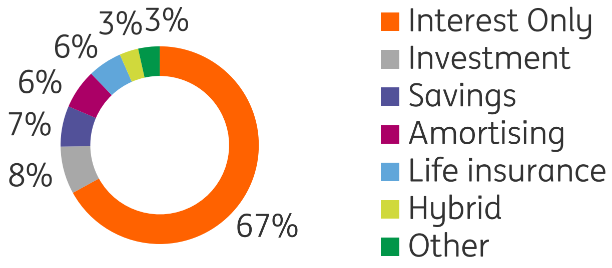
ING Bank's covered bond programme...

- ING Bank NV €30 bln Hard and Soft Bullet Covered Bonds programme
  - UCITS, CRR and ECBC Label compliant. Rated Aaa/AAA/AAA (Moody's/S&P/Fitch)
  - This programme is used for external issuance purposes. There is a separate €15 bln Soft Bullet Covered Bonds programme for internal transactions only and it is not detailed on this slide
  - Cover pool consists of 100% prime Dutch residential mortgage loans, all owner occupied and in euro only. As per 31 December 2019, no arrears > 90 days in the cover pool
  - Strong Dutch legislation with minimum legally required over collateralisation (OC) of 5% and LTV cut-off rate of 80%
  - Successfully issued €2.0 bln 10 year covered bond in February 2019
- Latest investor reports are available on www.ing.com/ir

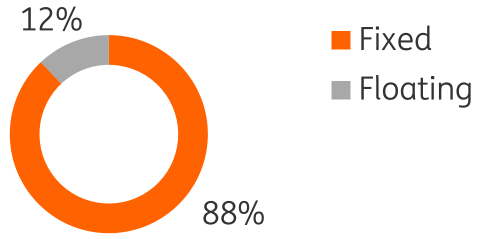
Portfolio characteristics (as per 31 December 2019)

Net principal balance	€25,271 mln
Outstanding bonds	€21,159 mln
# of loans	153,346
Avg. principal balance (per borrower)	€164,800
WA current interest rate	2.76%
WA remaining maturity	16.55 years
WA remaining time to interest reset	5.50 years
WA seasoning	13.15 years
WA current indexed LTV	59.50%
Min. documented OC	2.62%
Nominal OC	19.44%

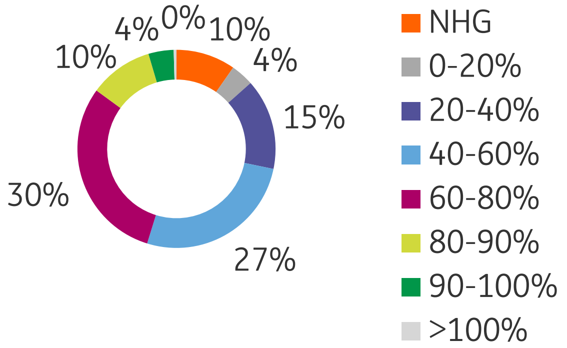
Repayment type



Interest rate type

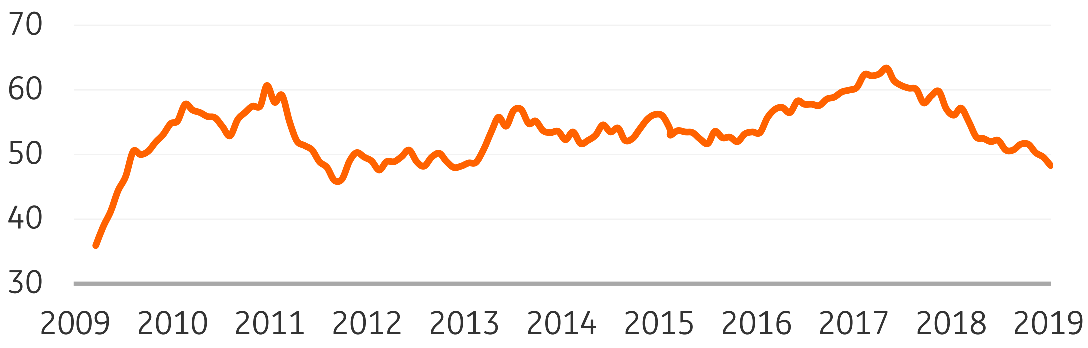


Current Indexed LTVs

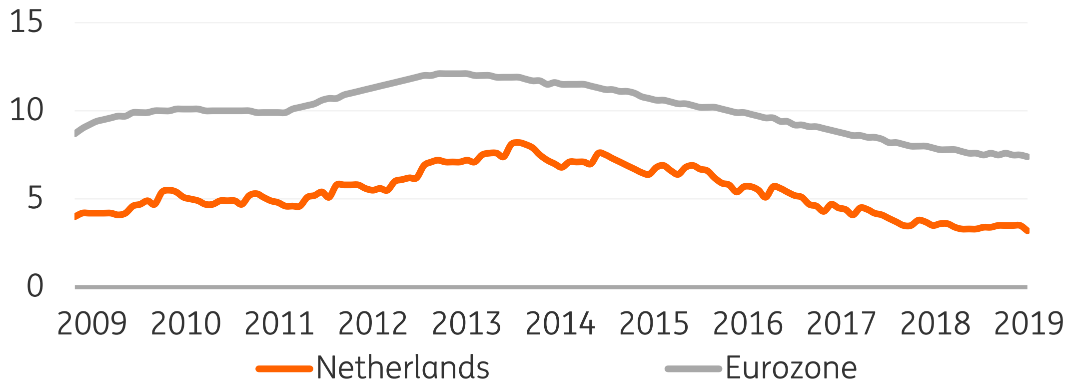


...benefiting from a continued strong Dutch economy and housing market

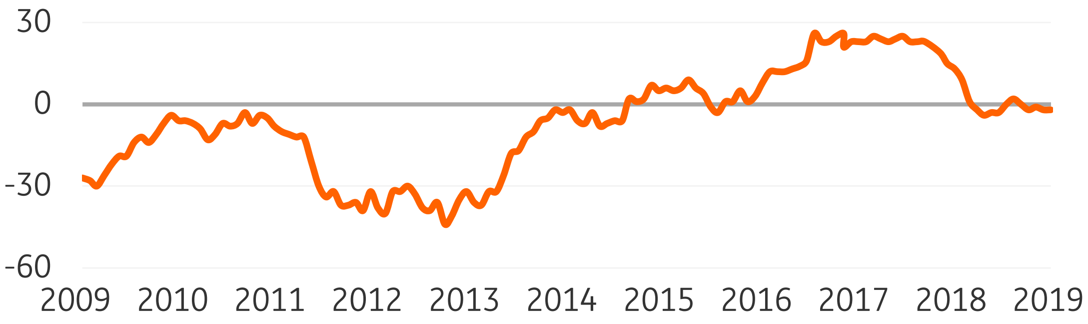
Dutch Purchasing Managers Index (PMI) was 48.3 as per end 4Q2019, indicating slightly negative industrial growth



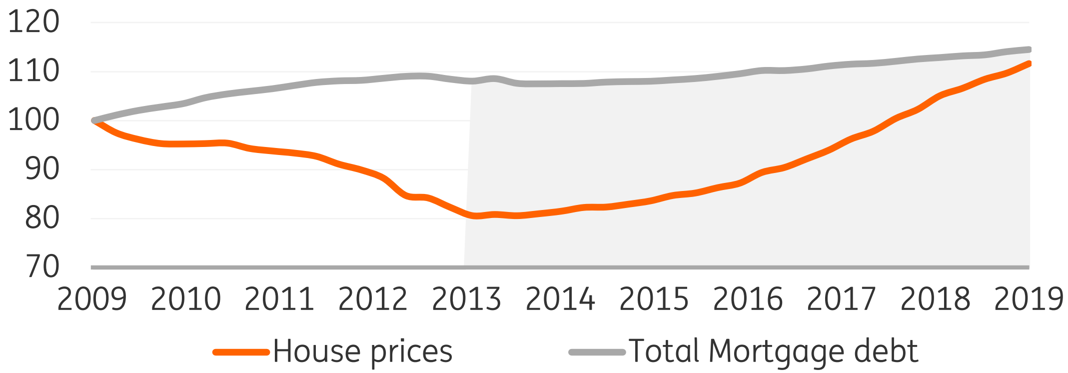
Dutch and eurozone unemployment rates (%) at a historically low level



Dutch consumer confidence remains low in 4Q2019



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



Source: Central Bureau for Statistics for all data besides Dutch PMI (IHS Markit) and Eurozone unemployment (Eurostat)
* Latest data 3Q2019

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. The Financial statements for 2019 are in progress and may be subject to adjustments from subsequent events. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

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