4Q2022 Comparative Quarters Note

ING Investor Relations

9 January 2023

This document 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 20-F filed with the United States Securities and Exchange Commission. Furthermore, nothing in this document constitutes an offer to sell, or a solicitation of an offer to buy, any securities.

General market developments

- Central bank rates further increased in the fourth quarter.
- In our Retail markets mortgage demand was further impacted by higher interest rates and by lower consumer confidence.
- On the Wholesale Banking side, economic uncertainty continued to impact loan demand.
- Inflation remained high, and second-round effects increasingly affected the economies in our geographies.
- Unemployment rates and bankruptcy levels continued to be benign in our core markets.

Net Interest Income: the 4Q2021 net interest income was €3,374 mln. In 3Q2022 it was €3,332 mln.

- Interest rates continued to significantly increase this quarter, including a 75 bps increase of the deposit facility rate by the ECB as of 2 November and a subsequent 50 bps increase as of 21 December, which will further support our NII trajectory going forward.
- Note that during 4Q2022 we increased the core savings rate in the Netherlands to (up to) 25 bps as of 1 December, in Spain to 30 bps as of 1 November and in Germany to 30 bps as of 6 December. Furthermore, we have announced that we will increase the core savings rates in Belgium to 50 bps (including a fidelity premium) per 9 January 2023 and in Italy to 50 bps per 1 April 2023.
- We have discontinued negative charging in the Netherlands as of 1 October 2022 and in Belgium as of 1 September 2022. In 3Q2022 the total benefit from negative interest charging was €66 mln.
- Asset repricing continues to trail market interest rate increases in some of our geographies.
- 3Q2022 included a €-343 mln incidental item for the Polish mortgage moratorium.
- Furthermore, 3Q2022 included a €71 mln ECB funding rate benefit from the TLTRO III programme and 4Q2021 included €84 mln benefit. As previously announced, following the change in TLTRO conditions, the total TLTRO related impact on pre-tax profit in 4Q2022 will be approximately €-315 mln, including the remaining TLTRO benefit until 23 November 2022. This full impact will be recorded in net interest income and allocated to the business lines.

Net fee and commission income: the 4Q2021 fee income amounted to €925 mln and it was €876 mln in 3Q2022.

- In Retail Banking, we announced an increase of daily banking fees for retail clients in the Netherlands as per 1 January 2023. In investment products, the volume of trades in European equity markets is likely to have remained subdued during 4Q2022.
- In Wholesale Banking, fee income is mainly driven by lending activity.

Investment income: 4Q2021 investment income was €15 mln and it was €111 mln in 3Q2022, which included €111 mln annual dividend from our stake in the Bank of Beijing.

Other income: in 4Q2021 other income was €310 mln, including a €28 mln gain on an investment in an associate. In 3Q2022 other income was €93 mln, including €-288 mln hedge accounting impact in Belgium, €100 mln income from the transfer of our investment business in France to Boursorama, €-43 mln IAS 29 impact to reflect hyperinflation accounting in Turkey and a €-15 mln impairment on ING's equity stake in TTB.

Continued impact from IAS 29 may be expected as it will pertain to the development of Turkish CPI since 3Q2022. As a reminder, IAS 29 has no meaningful effects on CET1.

Expenses, excluding regulatory costs were €2,562 mln in 4Q2021 and €2,533 mln in 3Q2022. Note that 4Q2021 included €166 mln of incidental items. 3Q2022 included €85 mln of incidental items.

Just as a reminder, we usually observe higher expenses in the fourth quarter, which in this case will also include the one-off impact of energy allowances for employees.

Regulatory costs were €385 mln in 4Q2021 and €96 mln in 3Q2022.
- Note that the Dutch bank tax is always fully booked in the fourth quarter and amounted to €260 mln in 4Q2021, which included a one-off 50% add-on.

Risk costs
- On asset quality, as a result of a proven risk management framework, we have a strong and well-diversified loan book and a low Stage 3 ratio.
- The current geopolitical circumstances can affect our provisioning in various ways.
- The macroeconomic indicators will be updated as per the end of the reporting period, reflecting the estimated outlook on the economy as a whole.

Tax
- We have guided the 2022 effective tax rate to be between 27-29%.
- The 9M2022 effective tax rate is 30.4%, mainly due to the non-deductible impact of Turkey hyperinflation accounting.

CET1 ratio of the Group stood at 14.7% at the end of 3Q2022 and the pro-forma CET1 ratio, after deduction of the €1.5 bln additional distribution as announced on 3 November 2022, was 14.3%.
- In line with the announcement of the programme on 3 November 2022, the remainder of the total amount of €1.5 billion, amounting to €297 mln or €0.082 per share, will be paid to shareholders in cash on 16 January 2023.
- We continue to reserve 50% of resilient net profit for future distribution as per our policy. This will be held outside of CET1 capital.

Corporate Line
- The Corporate Line represents certain P&L elements not allocated to the units. The Corporate Line delivers a negative result before tax of approximately €-100 mln per quarter, which however can be affected by exceptional items.

Please note that ING Investor Relations will be in closed period as of close of business on 10 January 2023.