ING Investor Update 2022

Chief Financial Officer

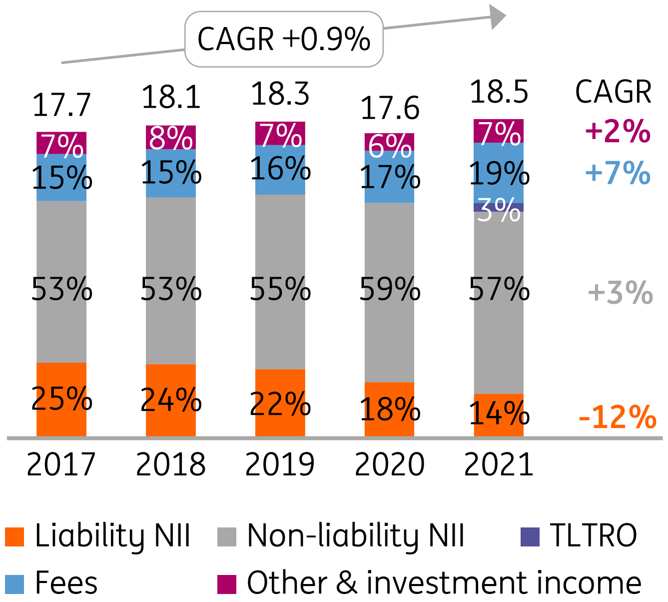
13 June 2022

do your thing

Track record of delivering value

Resilient income in a negative rate environment

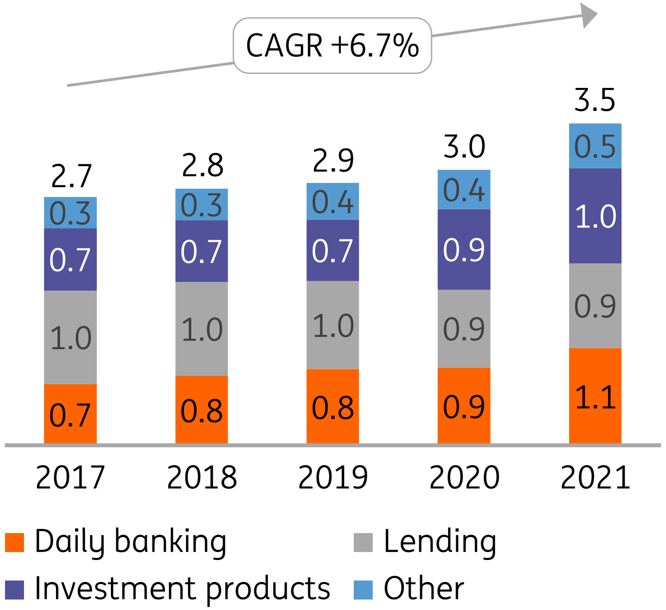
Total income (in € bln)



- Liability income came down by €-1.4 bln since 2019
- Fee and loan growth fully offset pressure on liability income

Diversified fee income growth

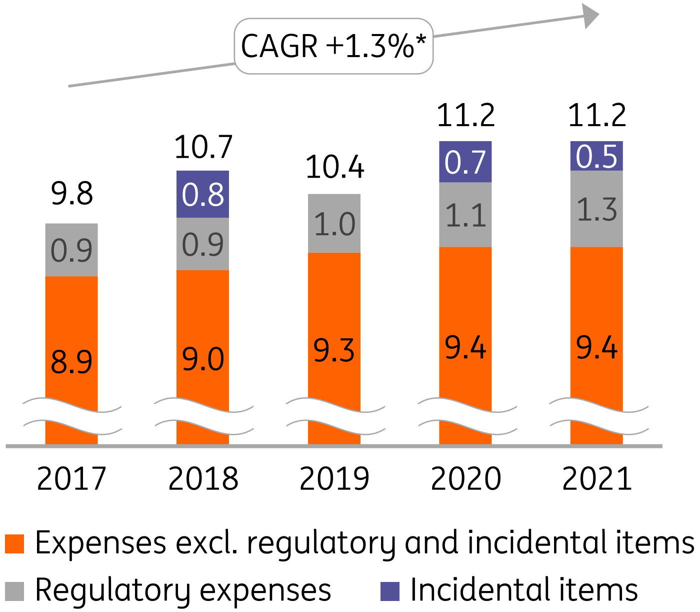
Net fee and commission income (in € bln)



- Reflecting higher daily banking package prices, fee introductions, new account openings in investment products and higher deal activity

Cost discipline

Total expenses (in € bln)



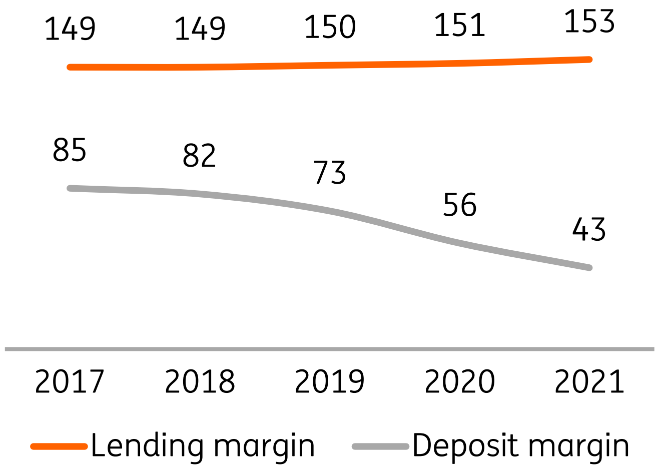
- Expenses excluding regulatory costs and incidental items were well-controlled despite investments in compliance and risk capabilities
- Regulatory costs have gone up meaningfully

* CAGR based on expenses excluding regulatory expenses and incidental items

Adapting to the world around us

Impact from negative rate environment on margins

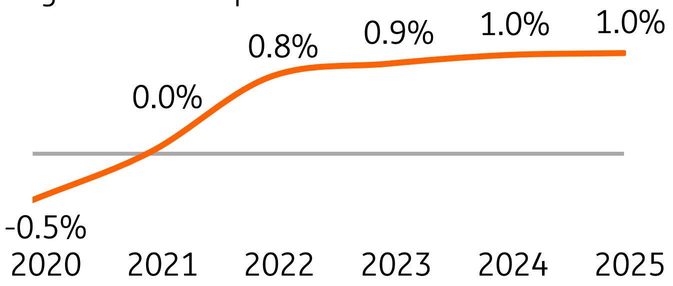
Lending and deposit margins (in bps)



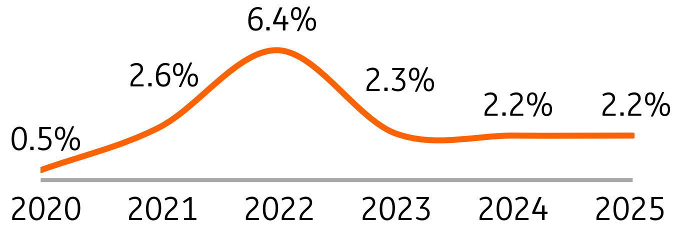
- Deposit margin significantly reduced
- Lending margin reflects strong pricing discipline coupled with transitional benefits from Dutch mortgage prepayments and floored contracts

Changing macro outlook*

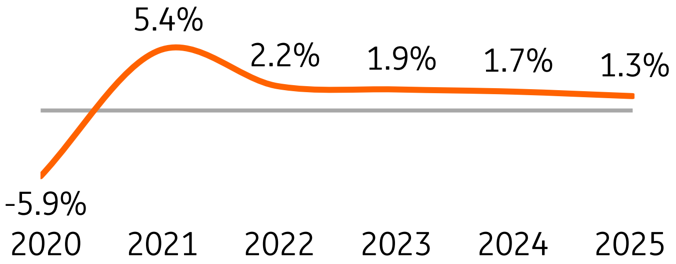
5 year EUR swap rate



Eurozone inflation rate



Eurozone GDP growth



Impacting our P&L

Less certain outlook on lending demand

Normalising lending margins

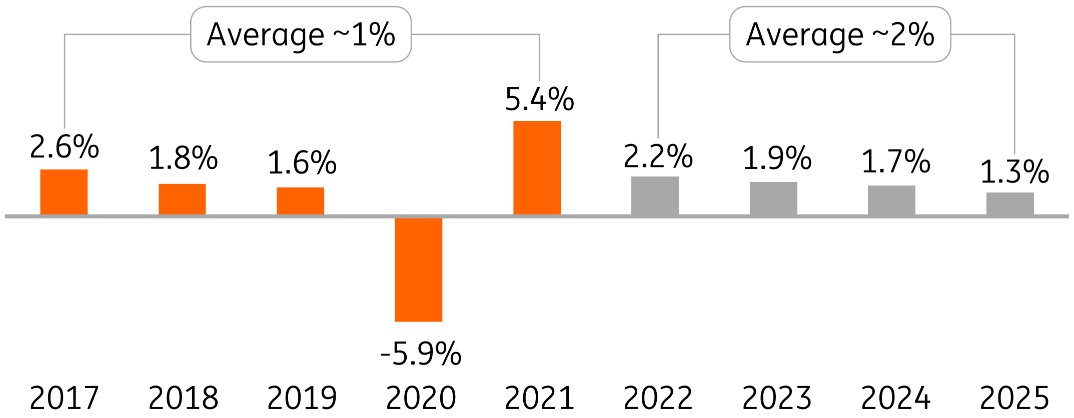
Liability income growth

Cost inflation

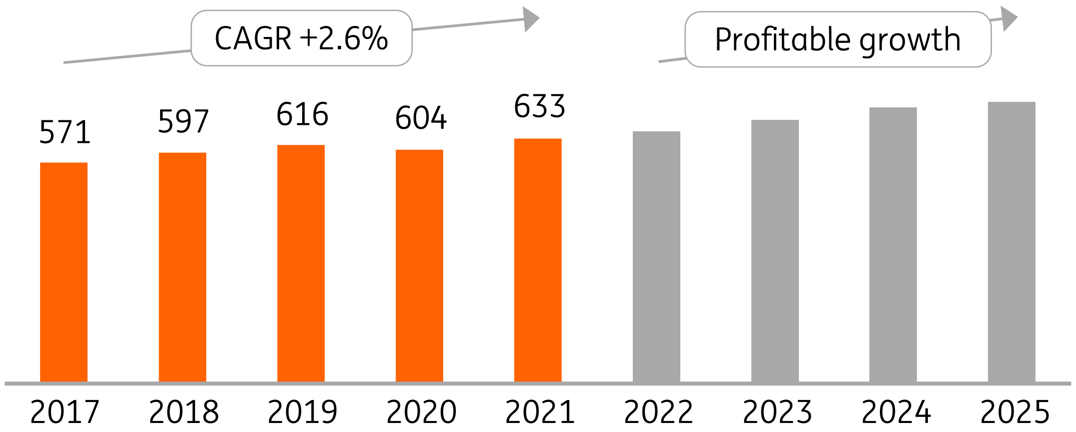
* 2022-2025 based on ING forecasts April 2022

Lending growth to absorb lending margin normalisation

Eurozone GDP growth



Customer lending (in € bln)



Profitable lending growth

- Focus on value through pricing discipline and risk framework
- Growth outlook for Retail Banking remains strong. Less certain outlook on lending demand in Wholesale Banking

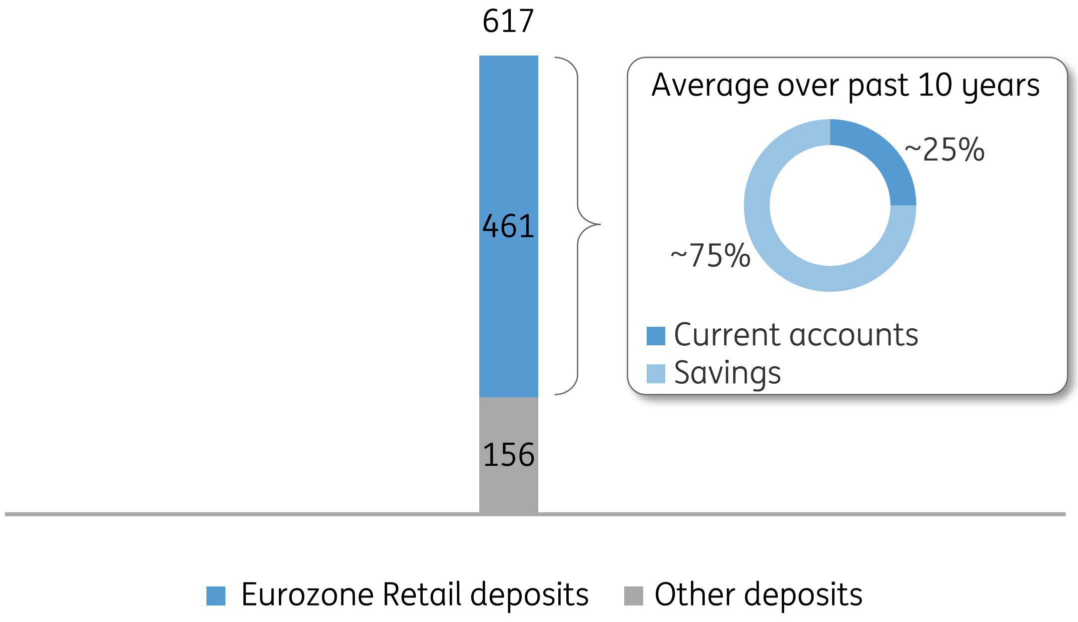
Lending margin normalisation

- Dutch mortgage portfolio margin to normalise in a rising interest rate environment due to fewer prepayments
- Loss of benefit on floored contracts
- Profitable lending growth to absorb lending margin normalisation

Managing the interest rate risk in our deposit book

Majority of deposits is related to retail eurozone

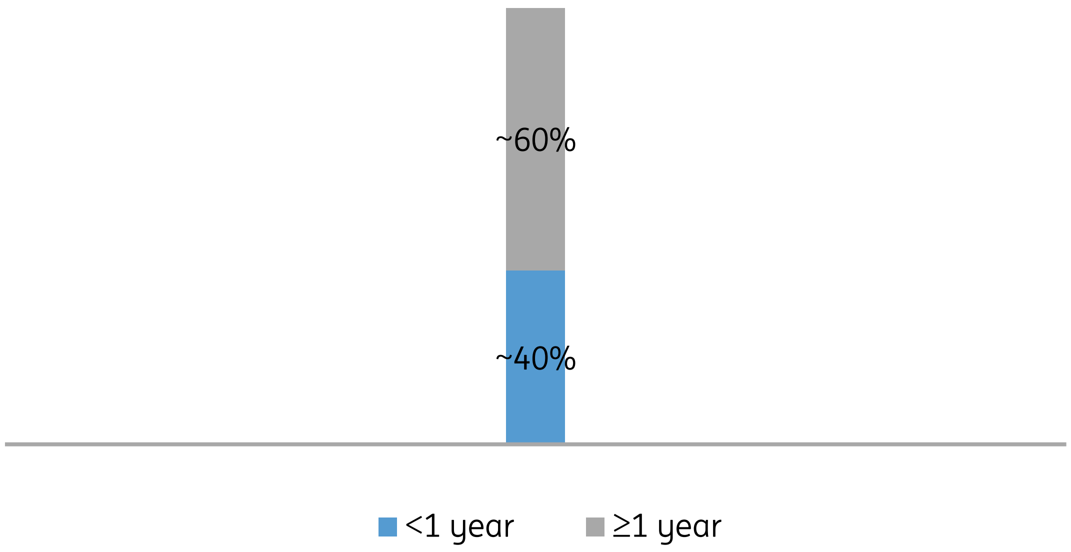
Total Customer deposits 31 December 2021 (in € bln)



- The profitability of Retail deposits is highly correlated to market interest rates
- After a period of profitability erosion the recent pick-up in rates will provide relief

Replicated in the short term

Replication composition by tenor

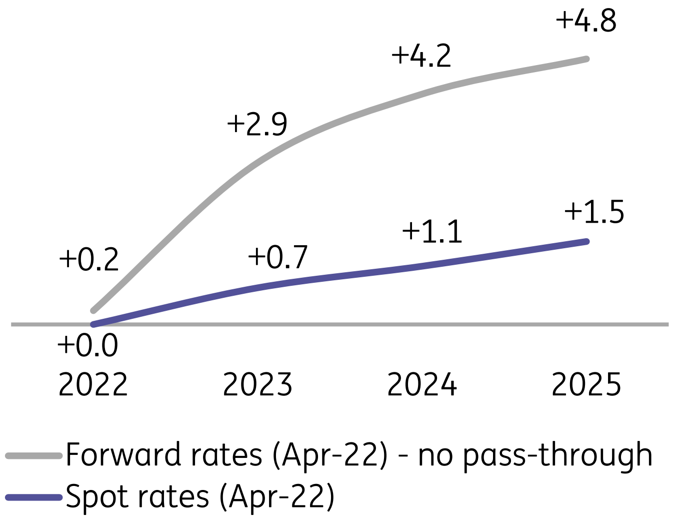


- A considerable part of our replication is short-term, with material impact once short-term interest rates turn positive
- Full impact of rising interest rates to be realised over time

NII sensitivity of the retail eurozone replicating book

Sensitivity Retail eurozone replicating book (without pass-through)*

Delta in NII versus 2021 replicating result
in € bln



Implied year average €STR rate in bps (April 2022)

2022	2023	2024	2025
-34	107	140	139

Pass-through and negative charging

Pass-through

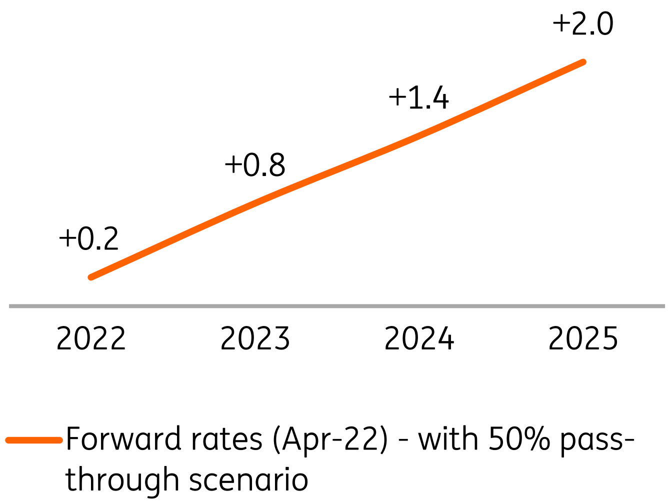
- 10 bps pass-through equals ~€350 mln on Retail eurozone savings
- Pass-through is expected to vary per country

Negative charging

- Current run rate of ~€300 mln annual NII benefit is set to reduce over 2022 and to stop once ECB rates move to zero

Sensitivity Retail eurozone replicating book (including illustrative 50% pass-through scenario)*

Delta in NII versus 2021 replicating result
in € bln

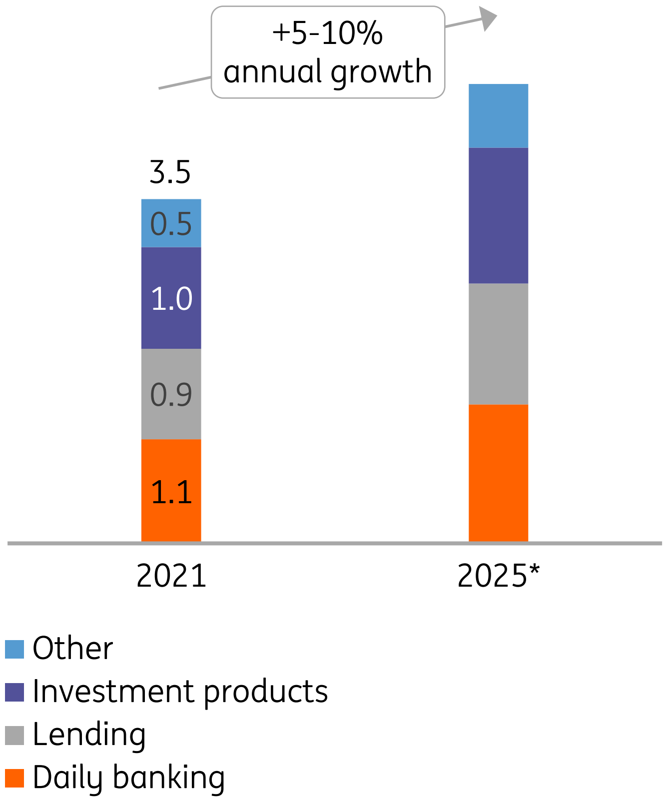


- Sensitivity scenario assumes the discontinuation of negative charging and an illustrative 50% pass-through scenario of positive rates

* Based on constant investment principles

Drivers of future fee growth

Net fee and commission income (in € bln)



Daily banking

- Optimise pricing of payment packages
- Introduce behavioral fees
- Introduce new value propositions (e.g. premium accounts)
- Further normalisation of international transactions

Investment products

- Account openings on existing products
- Inflow from savings into investment products
- Drive best practices across countries

Lending

- Increased primary syndications

Other

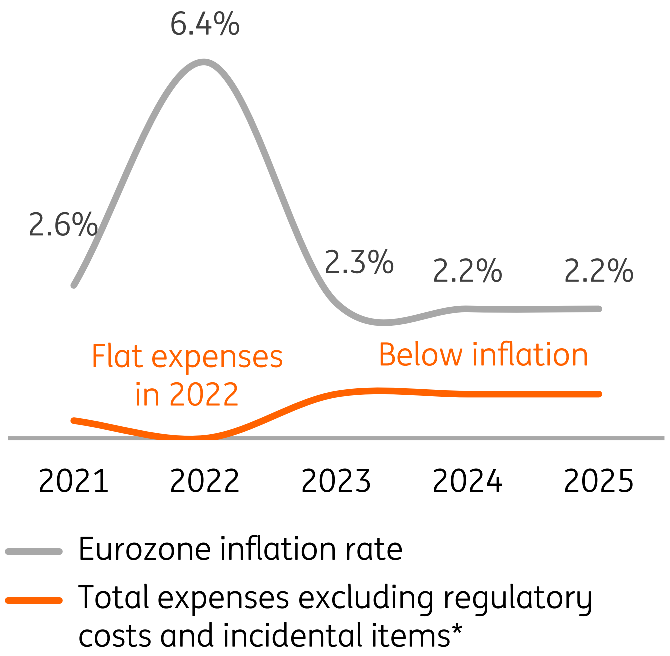
- Focus on higher value specialist solutions and advisory propositions
- Insurance partnerships

* Illustrative representation

We will manage our costs below inflation

Expenses excluding regulatory costs and volatile items

Annual growth (in %)



Retail Banking

- Optimise assisted channels
- Digitalise key customer journeys
- Full-year benefits from country exits to materialise by 2023

Wholesale Banking

- Ensure an efficient and seamless digital delivery

Tech and Operations

- Consolidated and standardised infrastructure on cloud
- Increase % of straight-through-processing
- Decommission legacy IT systems
- Consolidation of activities in hubs

Regulatory costs

- Regulatory costs expected approximately €0.4 bln lower in 2025 compared with 2021, after completion of Single Resolution Fund and several local Deposit Guarantee Schemes

* Illustrative representation

Cost/income ratio of 50-52% by 2025

Lending NII

- Profitable lending growth to absorb lending margin normalisation

Liability NII

- Positive interest rates
- (Primary) customer growth

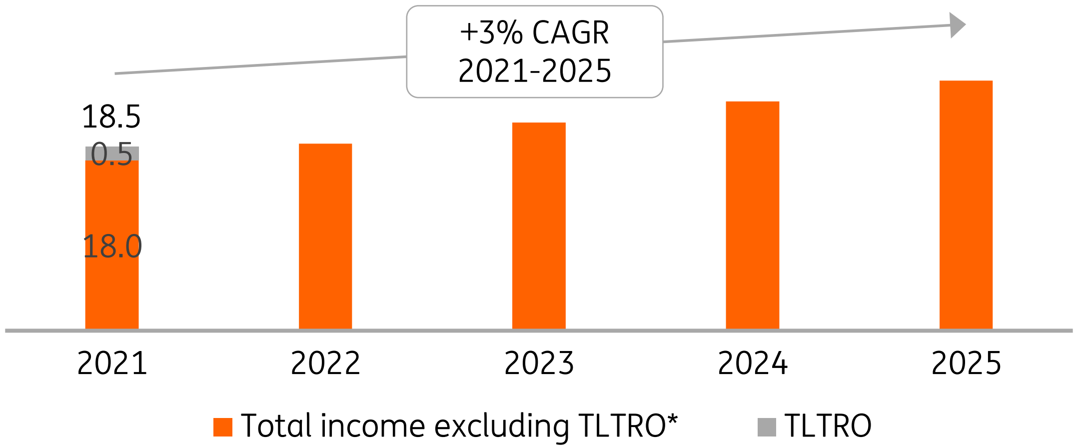
Net fee and commission income

- Diversified fee income growth of 5-10% per year

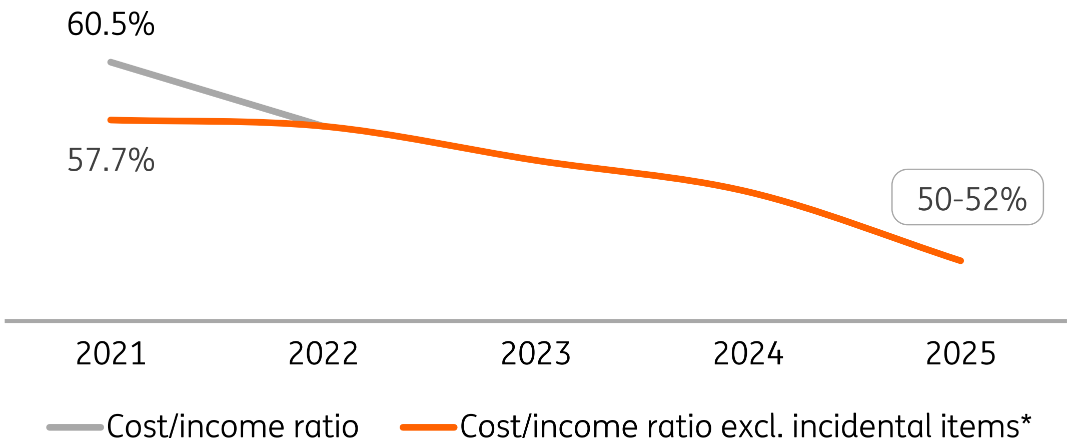
Total expenses

- Flat expenses in 2022 (excluding regulatory costs and incidental items) and below inflation from 2023 onwards
- Regulatory costs approximately €0.4 bln lower in 2025

Total income (in € bln)



Cost/income ratio



* Illustrative representation, excluding €522 mln of incidental items in expenses in 2021

CET1 ratio at ~12.5% by 2025

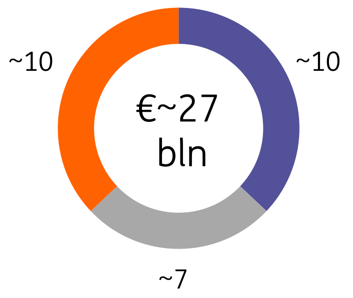
Our distribution policy

- Annual pay-out ratio of 50% of resilient net profit
- Structural excess capital will be returned to shareholders

Additional distribution of structural excess capital

- CET1 ratio target of ~12.5% by 2025
- Total annual distribution will take into account in capital planning: prevailing (geopolitical) uncertainties, loan demand, risk migration and regulatory impacts
- At a share price below book value the preference for returning excess capital is via share buyback

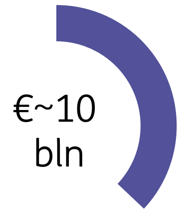
Capital build up 2022-2025, based on analyst consensus*



- 50% of resilient net profit
- Current structural excess capital
- Retained earnings

Distribution according to policy**

Potential uses of retained earnings



- Lending growth
- Negative risk migration
- Regulatory requirements
- Inorganic growth
- Additional shareholder distribution

* Company compiled sell-side equity analyst consensus post-1Q2022
** Subject to supervisory approval for excess capital distribution and shareholders' approvals for annual resilient net profit distribution

Our financial targets

Total income
CAGR 2021-2025
+3%
+1% average 2017-2021

Fee income
Annual growth
5-10%
+7% average 2017-2021

Cost/income-ratio
By 2025
50-52%
59% average 2017-2021

CET1 ratio
By 2025
~12.5%
14.9% 1Q2022

Return on equity*
By 2025
12%
9% average 2017-2021

* ING Group return on equity is calculated using IFRS-EU shareholders' equity after excluding amounts reserved for future distribution

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 2021 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 and the regional and global economic impact of the invasion of Russia into Ukraine and related international response measures (2) 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) 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, including in connection with the invasion of Russia into Ukraine and related international response measures (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 or stakeholders who feel misled or treated unfairly, 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 and IT 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 cyberattacks 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) 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, transition and other risks and challenges in connection with climate change and ESG-related matters (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.

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