

ING 3Q2021 Analyst call

4 November 2021, 9:00 CET



Steven van Rijswijk, CEO of ING
4 November 2021



Operator: Good morning. This is Anita Krielen, welcoming you to ING's Q3 2021 conference call. Before handing this conference call over to Steven Van Rijswijk, Chief Executive Officer of ING Group, let me first say that today's comments may include forward-looking statements, such as statements regarding future developments in our business, expectations for our future financial performance and any statement not involving a historical fact.

Actual results may differ materially from those projected in any forward-looking statement. A discussion of factors that may cause actual results to differ from those in any forward-looking statements 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 and our earnings press release, as posted on our website today. Furthermore, nothing in today's comments constitutes an offer to sell or a solicitation of an offer to buy any securities.

Good morning, Steven. Over to you.

Steven van Rijswijk – CEO ING: Thank you, operator. Good morning, and welcome to the third quarter 2021 results call. I hope you are all well. I am joined by our CFO, Tanate Phutrakul, and our CRO, Ljiljana Čortan. I am happy to take you through today's presentation and, after that, we will take your questions.

We are already in November and looking back on 2021 so far, I see two big themes.

One is learning to cope with Covid-19 and the effects of economies closing down and quickly rebounding.

The other is climate change and the urgency to accelerate actions to transition to a low-carbon society. We support this acceleration where we can have the most impact as a bank, which is by supporting our clients in their transition.

Key points

- Focus on climate action continues to accelerate and we actively engage with companies to finance the investments needed for the transition to a low-carbon economy
- Strong pre-provision result, supported by continued strong fee income, higher lending margins and negative interest rate charging as well as cost control, despite ongoing margin pressure on customer deposits
- Net core lending growth was €3.1 bln, reflecting continued mortgage growth in Retail and repayments in Wholesale Banking. Net core deposits growth was €-0.6 bln
- Fee income remained strong, up 20% YoY. Daily banking fees increased reflecting higher package fees and a recovery of domestic payment transactions. Lending fees increased, while YoY also investment product fees were higher
- Risk costs were €39 mln with a stable Stage 3 ratio at 1.5% and we are confident about the quality of our loan book
- 3Q2021 CET1 ratio was slightly higher at 15.8%, with 50% of 3Q2021 resilient net profit reserved outside of CET1 capital for distribution

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Now, focusing on our quarterly results. Our pre-provision result was good with a continuous strong performance on fees, resilient NII - net interest income - and cost control.

I am pleased that we are reporting such a strong performance, despite the pressure on liability income. Higher swap rates are a good development but as I have mentioned before, it takes time before we see the positive effects and overall rate levels are still negative.

On lending, the mortgage book continued to grow. On the business side, we saw some demand from mid-corporates coming back while in Wholesale Banking repayments were at a higher level. Year to date, we are at an annualised 3.8% net core lending growth, so in line with our loan growth ambitions, though on the business side there is room for improvement.

Risk costs were EUR 39 million. We have released of the management overlays applied in the previous quarter, reflecting robust GDP forecasts and improved risk indicators in our loan book.

Overall, asset quality remained strong with limited risk costs in individual files and a low Stage 3 ratio of 1.5%. We continue our close monitoring of our book, also with the challenges related to supply chain issues and rising prices.

CET1 ratio is 15.8%, with 50% of the third quarter resilient net profit reserved for future distribution. Although it is not a third-quarter event, it is important to mention that in October we have paid out a EUR 0.48 dividend and started a share buyback program, which is progressing well.


Before we go to the slides on this quarter's figure, let me spend some time on, first of all, our contribution to the green transition and secondly, our strong performance in still turbulent times.

A sustainability leader supporting our clients in the transition


We published our integrated climate report

- The 2021 climate report integrates our progress on climate alignment of our loan book and climate risk management
- On climate alignment, 5 of the 9 sectors covered by our Terra approach are within the decarbonisation pathway per our initial Paris-aligned ambition as we set in 2018
- We raised our ambition to reach net zero by 2050 and will update the sector targets
 - For upstream Oil & Gas we have already set a more ambitious net zero target to reduce funding (from 2019 levels) by 12% by 2025
 - Net zero targets for other sectors will be adjusted based on industry transition scenarios
- On climate risk, we have made further progress on embedding climate risk considerations into our risk management framework, with main progress on heat mapping and scenario analysis

We support our clients in the transition to a low-carbon economy

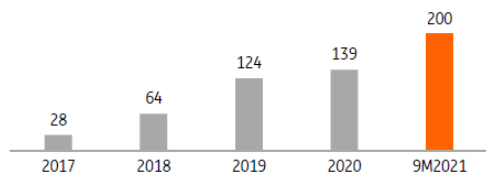


€1.35 bln Green securitisation
1st green asset-backed security
for a data centre provider



Development of a Green finance
framework for the use of proceeds
of green loans and bonds

Sustainability deals* (#)



* Sustainability deals include sustainability loans and bonds, green loans and bonds, sustainable structured finance, social loans and bonds, and sustainable investments

The first topic I want to address is climate action. The need to accelerate is clear and we continue our efforts to contribute by reducing our footprint and by supporting our clients in their transition. At the same time, we manage the impact that climate change can have on our operations by embedding climate risk management in our organisation.

In September we published our climate report, which integrates our progress on aligning our loan book to net zero ambitions and on embedding climate risk management in our organisation.

On climate alignment we are moving in the right direction and, as you know, we have upped our ambition pulling our net zero ambition forward to 2050, from the initial Paris-aligned ambition as we set in 2018.

We have already translated this into a new net zero for the upstream Oil & Gas portfolio, a sector with a strong push to transition. We have also moved our target date forward, from 2040 to 2025, to be able to steer more directly and reflect that action is needed now.

The net zero target setting for the other sectors will follow, also depending on when transition pathways will be available. Which brings me to one of the biggest challenges of climate action, being the availability of transition scenarios, which are needed to steer activities and where we also need

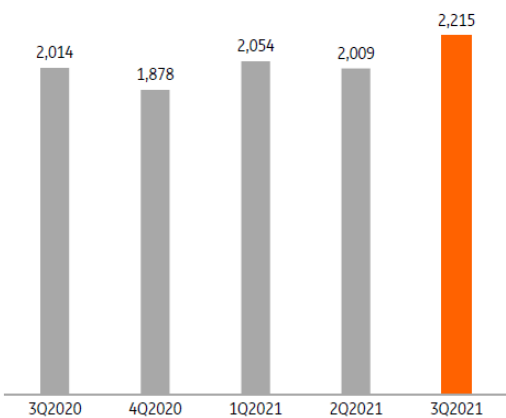
governments to provide guidance. I realise this is complex and scenarios can change over time, but for the market to move in the same direction this is what is needed.

I am proud that our clients choose ING to support their sustainability and transitional efforts. The number of sustainability deals over the first nine months of 2021 almost doubled compared to 2020. We have highlighted the transaction with Aligned. This is actually the fourth sustainability-linked deal in twelve months through which we support the company's efforts to tackle the challenges of data centre sustainability and their transition to green data centre. It is a great testament to the strength of our ESG commitment and our clients' trust in our franchise.

One thing I want to reiterate before moving to the next slide is that it is key to realise that transition takes time and transitional efforts get recognised in the regulatory framework, for example, in an adjusted green asset ratio or an additional transitional asset ratio. Either way, it should not only be about green now, but also the transitional move in the right direction. This also supports the inclusive approach that we apply and we feel is more effective for accelerating the transition.

Strong pre-provision result reflecting continued fee growth

Pre-provision result excl. volatile items* and regulatory costs (in € mln)



- As both income and costs improved, this quarter's pre-provision result excluding volatile items and regulatory costs increased ~10% both YoY and QoQ
- 3Q2021 pre-provision result was comparable to pre-Covid-19 levels, although with a changing composition of income as fee growth compensated for NII pressure
- The share of fee income increased to ~19%. We consider this higher fee level mostly structural with room for further growth in line with our 5-10% growth ambition
- While pressure on liability income continues, NII has been resilient
 - Focus will remain on healthy lending margins and a recovery of loan growth with business clients
 - 3Q2021 NII was also supported by lower negative interest rate charging thresholds in Retail Benelux and high pre-payment penalties on mortgages in the Netherlands, while liability margin pressure will continue and the impact is not linear
- Good cost control, with cost savings absorbing CLA-related increases

* As included in volatile items on slide 18

Slide 4 shows an increase in our pre-provision profit excluding volatile items and regulatory cost, growing at around 10% on both comparable quarters, with a shift visible in the contribution of NII and fees.

Diversifying our income has been a strategic focus area for the past years. I am happy to see it is paying off with strong fee growth across the board. And to pre-empt the question whether this higher level is sustainable and if we see room for further growth, my answer to both question is 'yes'.

This quarter's fee level was supported by our primary customer growth and structural growth in daily banking fees. In investment products the high-fee level was sustained, reflecting a growing number of accounts and assets under management, despite a lower number of trades compared to the record-high level of the first quarter.

For future fee growth, we are not back at pre-Covid levels for international transactions and also lending fees are still at a lower level. Aside from that, we see several drivers, the first being continued growth of our primary customer base. Secondly, we see possibilities to further increase daily banking fees. In some of our largest markets fee levels are still low and peers either initiate or follow an increase, and in other markets we are still cheaper than peers. Thirdly, on other products we continue to work on new or improved propositions. The digital investment proposition in Germany is an example that is clearly paying off.

The share of NII has declined, reflecting ongoing liability margin pressure. However, I believe we have managed that pressure well so far, also by introducing negative rates for our Retail customers. Based on the current threshold, we expect a full year contribution of around EUR 220 million for 2021 and EUR 300 million for 2022. We will also continue to focus on healthy margins and a recovery of loan growth in the business segment.

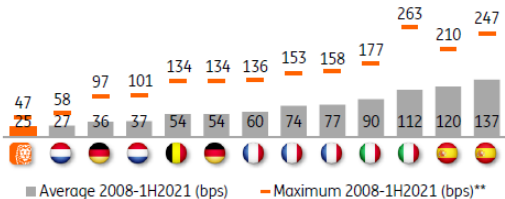
Having said that, this quarter the increase of negative interest rate charging in Retail Benelux on 1 July and also a relatively high level of prepayment fees in the Netherlands were helpful for NII. As a reminder, despite the increasing swap rates liability margin pressure is still there and the impact per quarter is not linear.

Cost control has been good over the past quarters, reflecting several actions we have taken, also following the review of our businesses.

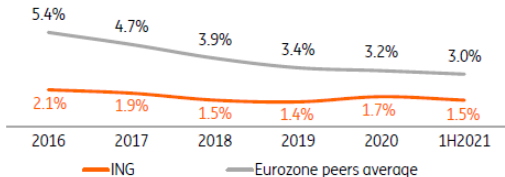
So overall, a good performance in what remains to be a dynamic and challenging time.

The quality of our loan book is strong

Risk costs compared to peers* (in bps of customer lending)



Stage 3 ratio compared to peers*



Source: Bloomberg, Annual disclosures
 * Eurozone peers include ABN AMRO, BBVA, BNP Paribas, Commerzbank, Credit Agricole, Deutsche Bank, Intesa Sanpaolo, KBC, Rabobank, Santander, Société Générale and UniCredit
 ** Highest number of bps in a calendar year

- In 3Q2021 we released €96 mln of management overlays applied in previous quarters, reflecting a recovery of economic activity, robust GDP forecasts and improved risk indicators on our loan book
- While defaults in our loan book have been limited, the additional monitoring and provisioning for sectors vulnerable under Covid-19 remain in place
- As economies re-opened, the surge in demand brings new challenges with strained supply chains, staffing shortages and rising prices. We closely monitor our loan book also given these market dynamics
- We are supported by our prudent risk framework, which remained in place unchanged under Covid-19. This is evidenced by a strong loan book, with risk costs and a Stage 3 ratio well below eurozone peers
 - Well-diversified loan book in terms of product type, client segment and geography
 - Senior ranked and well-collateralised with the majority of exposure to investment grade customers
 - Historically provisioning has been more than sufficient to cover actual write-offs

Now turning to slide 5. I just said it is still a challenging time as the pandemic is still part of our daily lives. However, based on the improving risk parameters for our loan book, the analysis of the sectors vulnerable under Covid and robust macro-economic forecasts, we have released part of the management overlays taken in the previous quarters. The other part of the overlays and increased monitoring of the sectors vulnerable to Covid remain in place, as we also monitor the impact of government support schemes ending.

The economic rebound and surge in demand following the re-opening of economies is bringing new challenges. We do not yet see this reflected in macro-economic forecasts. We do however continue to keep a close eye on the loan book, with extra attention for specific sectors or clients who could be more vulnerable to current market dynamics.

We have managed our loan books through previous cycles and are supported by a prudent risk framework, which also incorporates our experience and lessons learned from past cycles. Looking at our track record, also compared to peers, this framework has proven to be effective. We did not change our risk appetite during Covid - we have not changed it now - and we continue to be confident on asset quality with a diversified, senior and well-collateralised loan book, and with our prudent provisioning process.

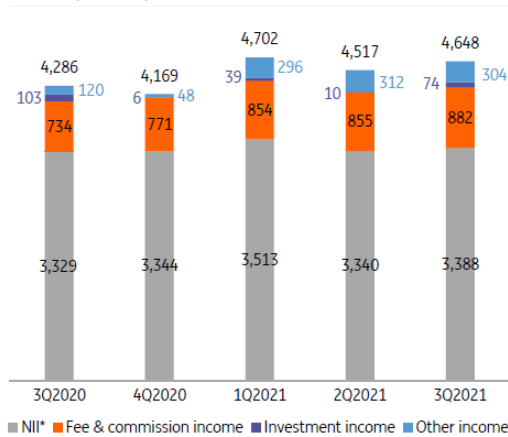
3Q2021 results

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Now let me take you through our third quarter results, starting on slide 7.

Income supported by continued strong fee income

Income (in € mln)



- Total income YoY included another strong quarter for fee income
 - Fee income was up for all products, with daily banking as the main driver
 - NII included a €84 mln TLTRO III benefit in 3Q2021
 - Other income was higher, as 3Q2020 included a €230 mln impairment on ING's equity stake in TMB
 - Investment income included the €97 mln annual dividend from our stake in the Bank of Beijing (€95 mln in 3Q2020), however was lower due to an estimated €34 mln loss related to the previously announced agreement to transfer our Retail Banking operations in Austria to bank99
- Sequentially, total income was supported by continued strong fee income as well as higher NII from lending activities
 - Fees were up, driven by higher fees for lending and daily banking products. This compensated for lower Financial Markets fees, while investment product fees were stable
 - The €84 mln TLTRO III benefit included in NII was comparable to the €83 mln booked in 2Q2021
 - Investment income was higher reflecting the €97 mln annual dividend from our stake in the Bank of Beijing

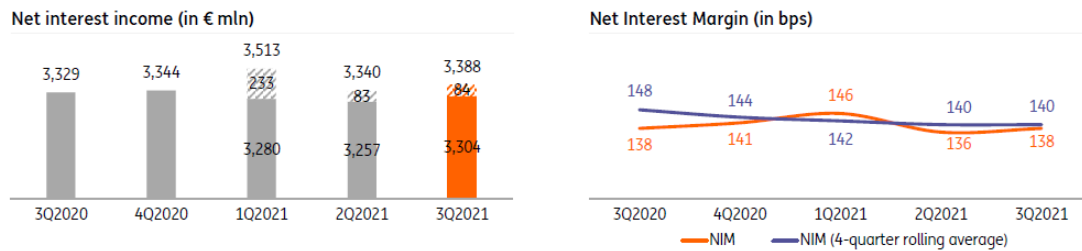
* NII included the following amounts related to a TLTRO III benefit: €233 mln in 1Q2021, €83 mln in 2Q2021 and €84 mln in 3Q2021

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In the third quarter, total income year on year was, as mentioned, supported by strong fee growth. NII also included EUR 84 million TLTRO benefit. Other income was higher, as the year ago quarter included ERU 230 million impairment on our equity stake in TMB. Investment income mainly reflected the annual dividend from our stake in the Bank of Beijing, which is always paid in the third quarter. Investment income further included an estimated EUR 34 million loss related to the previously announced agreement to transfer our retail banking operations in Austria.

Sequentially, fee income was up, as was NII with the level of the included TLTRO benefit comparable to the second quarter. Higher investment income reflected the aforementioned annual dividend from the Bank of Beijing.

Resilient NII; 4-quarter rolling average NIM stable at 140 bps



- NII in 3Q2021 was supported by €84 mln of TLTRO III benefit. Excluding this benefit, NII was supported YoY by higher average lending volumes at a slightly higher margin as well as increasing contribution of negative interest rate charging in Retail Benelux. The more volatile interest results in Financial Markets and FX ratio hedging also increased. This was offset by continued pressure on customer deposit margins at higher average liability volumes
- Sequentially, NII excluding the TLTRO III benefit was supported by the aforementioned growth in lending NII, while the lowering of the thresholds for negative interest rate charging in Retail Benelux at the beginning of 3Q2021 helped to absorb pressure on customer deposit margins
- 3Q2021 NIM was 138 bps, up two basis points from 2Q2021. This was mainly driven by higher lending margins, while liability margin pressure was largely absorbed this quarter by increased charging of negative interest rates

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Then on NII on slide 8. Year on year, NII excluding TLTRO was slightly lower, primarily due to the continued negative rate environment and resulting pressure on liability margins, while liability inflows have been substantial. Negative interest charging absorbed part of this margin pressure as, compared to a year ago, thresholds in the Netherlands have been gradually lowered, while in Belgium charging was introduced at the beginning of this year. NII from lending was up, reflecting both higher margins and average volumes.

Compared to the previous quarter, NII excluding the TLTRO benefit was higher. This reflected the aforementioned higher NII on lending and lowering of thresholds for negative interest rate charging in Retail Benelux at the start of the third quarter. This absorbed this quarter's pressure on liability income.

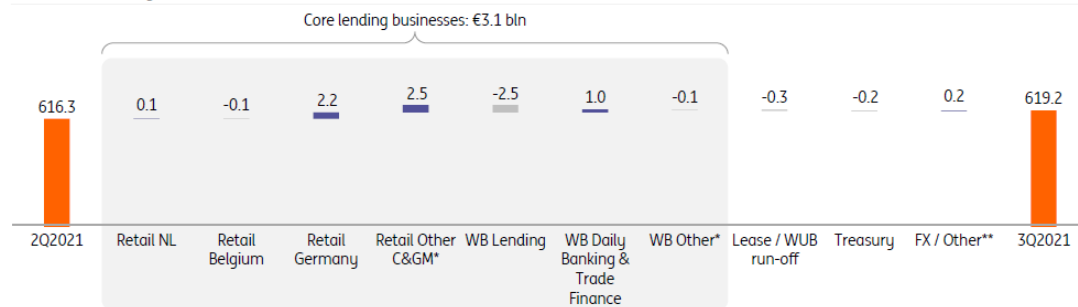
I am pleased that we managed to grow NII this quarter and we will continue to use all available levers to counter the pressure. However, I also want to caution against drawing a too quick conclusion that we have a change in trend. Next quarter we will not see a further uptick in the contribution of the negative interest rate charging and also pre-payment penalties in the Netherlands could return to lower levels, while the pressure on liability income will still be there.

I want to reiterate – you have heard it before – that the improvement of swap rates is helpful, however, they remain below the 5-year rolling average and for a large part are still in negative territory. We invest in maturities which can range from overnight to over ten years. For illustrative purposes, you could say that we reinvest about 20% of our replicating portfolio every year, so an improvement will only come in over time. And, as we said before, we benefit most from a steepening yield curve in medium-term durations and an overall positive curve.

Our net interest margin for the quarter increased by 2 bps to 138 bps, which was mainly driven by higher lending margins, while the increased negative interest rate charging absorbed most of this quarter's liability margin pressure.

Sustained mortgage growth, higher repayments in WB

Customer lending 3Q2021 (in € bln)



- Net core lending growth was €3.1 bln in 3Q2021
 - Retail Banking was €4.7 bln higher. Mortgages grew by €3.8 bln, due to sustained growth in most countries (primarily in Germany, Poland and Spain), whereas other retail lending increased by €0.9 bln
 - Wholesale Banking decreased by €1.6 bln, mainly in Lending, reflecting repayments of short term facilities, partially offset by growth in Daily Banking & Trade Finance
- Net core deposits growth (excluding the run-off in RB Austria and RB Czech Republic) was €-0.6 bln

* C&GM is Challengers & Growth Markets; WB Other includes Financial Markets
 ** FX impact was €0.5 bln and Other €-0.3 bln

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Slide 9 shows net core lending growth. Overall, again, strong growth in mortgages with some repayments in Wholesale Banking, though at a much lower level than the previous quarter.

Demand for mortgages continued to be strong, especially in Germany, Poland, and Spain. This was the primary driver of net core lending growth in Retail with some growth also visible in Consumer & Business Lending.

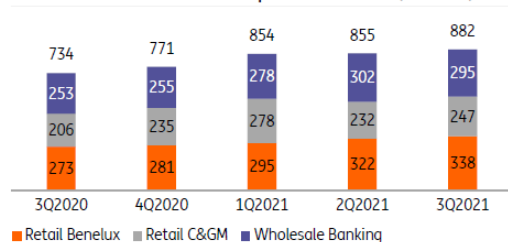
In Wholesale Banking we saw an elevated level of repayments on short-term facilities in lending with some higher demand for working capital.

With the Delta variant uncertainty remains how the pandemic will evolve. While we saw some loan demand in a few business segments this quarter, overall investments and need for working capital are not back yet at pre-Covid levels. When that demand returns, with our geographical and product diversification, we are well positioned to support our customers and capture future growth opportunities.

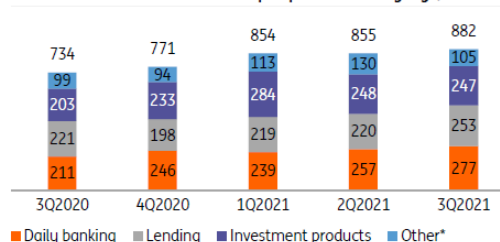
Finally, net customer deposit growth was minus EUR 600 million, driven by EUR 1.9 billion of lower savings in Retail where we saw the impact of our actions to reduce the inflow of savings, especially in Belgium and Germany. In Wholesale Banking deposits were slightly up.

Fee income strong

Net fee & commission income per business line (in € mln)



Net fee & commission income per product category (in € mln)



- Compared to 3Q2020, overall fee growth was 20%
 - In Retail Banking, fee growth was 22%. This was mainly driven by daily banking fees, as the benefit from higher package fees became visible, while (domestic) payment transactions further recovered. Fees from investment products were higher as assets under management, the number of new accounts and number of trades all increased. Lending fees were also up
 - Fees in Wholesale Banking were up 17%, driven by higher fees in PCM, TCF, FM and Lending
- Sequentially, fees increased 3.2% on a strong 2Q2021. In Retail Banking, lending fees were up as well as daily banking fees, due to the aforementioned factors. In Wholesale Banking, fees were slightly lower, as growth in lending fees due to higher syndicated deal activity was more than offset by lower fees in FM

* Other includes insurance products and Financial Markets

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Page 10 is about fees and there is where growth continued. Year on year, fee income grew by 20%, with growth in both Retail and Wholesale Banking.

Retail fees were up 22%, with an impressive 31% increase in daily banking fees, and this reflects growth in primary customers, the increase in payment package fees and a further recovery of the level of domestic payment transactions, which was actually back at pre-Covid levels. However, international payment transactions actually remained subdued, so not there yet.

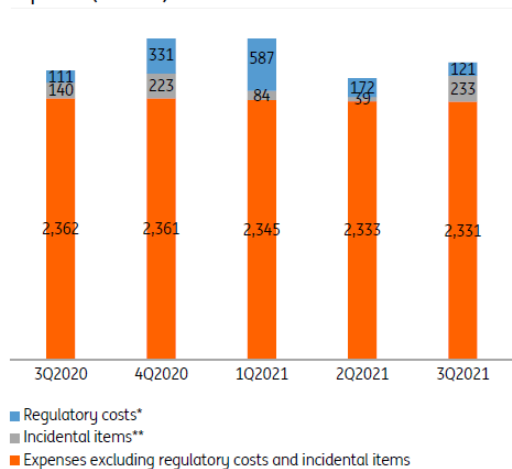
In investment products, fees were 22% higher driven by the Benelux and Germany, reflecting growth in accounts, assets under management and trades.

In Wholesale Banking, for the year, fees were 17% higher with growth across segments.

If you look sequentially, Retail fees were 6% higher, driven by daily banking and lending. Investment products were stable, whereas the third quarter is usually a seasonally lower quarter. In Wholesale Banking fees were slightly lower reflecting lower fees in financial markets, while lending fees were up, reflecting increased syndicated deal activity.

Operating expenses under control

Expenses (in € mln)



* Formal build-up phase of Deposit Guarantee Schemes (DGS) and Single Resolution Fund (SRF) should be completed by 2024
 ** Incidental expenses as included in volatile items on slide 18

- Expenses included €233 mln of incidental items, reflecting a €180 mln provision for compensation to retail customers on certain Dutch consumer credit products and €53 mln for an impairment and redundancy costs. This compares to €140 mln impairments on software in 3Q2020 and €39 mln for an IT impairment and redundancy costs in 2Q2021
- Excluding incidental items and regulatory costs, expenses were 1.3% lower YoY, as lower costs for 3rd party staff, professional services and marketing more than offset CLA-related salary increases
- Also sequentially, when excluding regulatory costs and incidental items, expenses were slightly lower despite a lower VAT refund, reflecting cost control
- Regulatory costs were €10 mln higher YoY, mainly reflecting a higher level of covered deposits
- QoQ regulatory costs were €51 mln lower, mainly reflecting a catch-up in 2Q2021 in the DGS contribution in Germany following the Greensill insolvency

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Slide 11 shows expenses, which this quarter included EUR 233 million of incidental items, reflecting a EUR 180 million provision for compensation to our retail customers on certain Dutch consumer credit products and EUR 53 million for an impairment and redundancy costs.

Excluding regulatory costs and these incidentals, operating expenses remained under control. Having more than compensated for CLA increases, both year on year and quarter on quarter, expenses were lower. Year on year, cost for third-party staff, professional services and marketing went down, while this quarter or quarter on quarter, this quarter showed a slightly lower VAT refund.

Regulatory costs were lower quarter on quarter, mainly as the previous quarter included additional DGS, deposit guarantee [scheme], contributions in Germany following the Greensill insolvency. Year on year, regulatory costs were slightly higher due to a higher level of covered deposits.

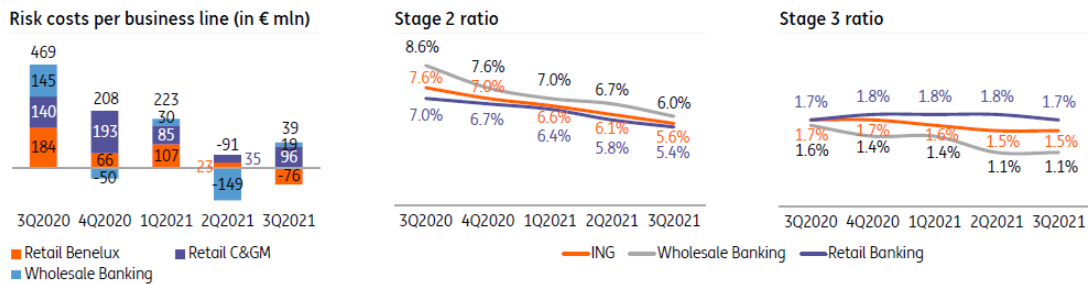
With the evolving requirements for risk model redevelopment and KYC, we do expect the related expenses to remain elevated and, as mentioned last quarter, there are some unforeseen costs coming in, such as VAT charges on intercompany services following a recent court ruling for one of our peers. We expect to see the impact from this building up over the coming quarters to around EUR 125 million per annum, and we will need to absorb this over time.

Overall, I am pleased with how the costs are developing also as we start to see the effects of the measures taken so far. We will always keep focusing on optimising where we invest our capital and some further measures may materialise. At the same time, we also need to look forward and to invest in areas where we can get the best returns.

When making those investments, my focus is on projects which improve customer experience and cost to serve. As executing with certainty and discipline remains key, we focus on projects where we can achieve benefits by leveraging existing products, operations, and technology solutions.

To give you an example, we are working to improve our mortgage process in Netherlands. The goal is to improve the customer experience by reducing the time to yes, which means the time where we can give the clients the approval, which we have brought down from a median from 18 days a year ago to 7 days in September. At the same time, the process has become more efficient, allowing us to increase volumes and/or to reduce costs. We focus on projects like this, that can help us to improve the customer experience and grow our business profitably.

Risk costs remain well below the through-the-cycle average



- 3Q2021 risk costs were €39 mln, or 3 bps of average customer lending, well below the through-the-cycle average of ~25 bps. This included a €96 mln release reflecting robust GDP forecasts and improved risk indicators on our loan book
- In Retail Benelux, risk costs further included a model update in Belgium and some individual Stage 3 additions. Risk costs in Retail C&GM further reflected some collective provisions, mainly in Spain and Poland. Risk costs in Wholesale Banking further included a limited number of individual Stage 3 additions
- The Stage 2 ratio declined to 5.6%, mainly driven by migration back to Stage 1 of business lending customers in Retail Benelux. The Stage 3 ratio was stable at 1.5%

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Then on to risk costs, they were EUR 39 million – this on page 12 – or 3 bps of average customer lending.

This includes a release EUR 96 million primarily in Stage 2, which is a partial release of management overlays taken in the previous quarters. As mentioned on slide 5, this release reflected the improving risk parameters on our loan book, the analysis of the sectors vulnerable under Covid and robust macroeconomic forecast.

Aside from these releases, in Retail Benelux, risk costs mainly reflected a model update in Belgium and some individual Stage 3 releases.

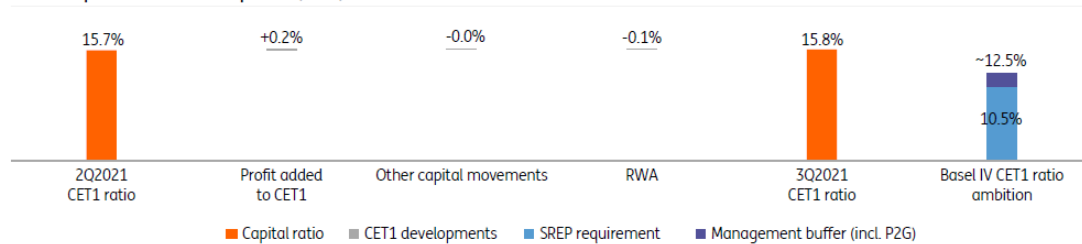
In Retail Challenger & Growth Markets, risk costs further reflected collective provisioning, mainly in Spain and Poland.

In Wholesale Banking, Stage 3 risk costs were low, reflecting very limited additions.

And finally, both the Stage 2 and Stage 3 ratio were lower, reflecting lower outstandings in both stages.

Strong ING Group CET1 ratio at 15.8%

ING Group CET1 ratio development (in %)



- The 3Q2021 CET1 ratio increased to 15.8%. 50% of the 3Q2021 net profit has been reserved outside of CET1 capital for future distribution, in line with our distribution policy. In total, €2,840 mln remains reserved for distribution*
- CET1 capital was €0.6 bln higher, mainly reflecting the addition of 50% of the 3Q2021 net profit
- RWA increased by €1.9 bln, including €0.8 bln FX impact. Both market and operational RWA were lower, while credit RWA excluding FX impacts increased by €3.5 bln, driven by model impacts primarily reflecting ongoing redevelopment of internal models and EBA guidelines. This was partly offset by an improved profile of the loan book and lower lending volumes
- Besides our continued investment in profitable growth and customer experience, we have started the path to optimise our capital structure through specials

* As at 30 September 2021, reflecting the remaining amount reserved over 2019 (which will be distributed via the current share buyback programme) as well as the remaining amount reserved for distribution from the 9M2021 result

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Slide 13 shows that our CET1 ratio increased to 15.8%.

CET1 capital was EUR 600 million higher, mainly due to the inclusion of EUR 700 million or 50% of net profit for the quarter, as the other 50% was reserved for future distribution in line with our policy.

Risk-weighted assets increased mainly due to higher credit RWA, and this was driven by EUR 11 billion for model impacts, reflecting ongoing model redevelopments and EBA guidelines. This was partly offset by an overall improved collateral profile of the loan book.

Now, with this quarter's model impacts, regulatory RWA inflation known at this moment, ahead of the 2025 Basel IV implementation, has been almost fully incorporated. We still expect RWA impact from the postponed implementation of a risk floor weighting for mortgages in the Netherlands, which we currently estimate at around EUR 8 billion, but we expect this floor to be temporary as it is frontloading the output floor under Basel IV. Besides that, we will continue to see releases or additions to risk-weighted assets from regular model updates as the case may be.

Finally, we have started on the path to optimise our capital structure with a EUR 1.7 billion share buyback program, which started on 5 October.

ING Group financial ambitions

		Actual 2020	Actual 3Q2021	Financial ambitions
Capital	▪ CET1 ratio (%)	15.5%	15.8%	~12.5%* (Basel IV)
Profitability	▪ ROE (%)** (IFRS-EU Equity)	4.8%	8.8%	10-12%
	▪ C/I ratio (%)**	63.2%	61.9%	50-52%
Distribution	▪ Distribution (per share)	€0.12***		50% pay-out ratio****

* Implies management buffer (incl. Pillar 2 Guidance) of ~200 bps over fully-loaded CET1 requirement of 10.52%
 ** Based on 4-quarter rolling average. ING Group ROE is calculated using IFRS-EU shareholders' equity after excluding 'reserved profit not included in CET1 capital'
 As at 30 September 2021, this amounted to €2,840 mln, reflecting the remaining amount reserved over 2019 (which will be distributed via the current share buyback programme) as well as the remaining amount reserved for distribution from the 9M2021 result
 *** Final dividend
 **** Of resilient net profit

14

As you can see on slide 14, the CET1 ratio is well ahead of our ambition.

On ROE, it is improving. With more focus on cost and capital optimisation and with growth returning, we maintain our ambition and very much intend to continue to provide an attractive total return.

To reiterate, cost income remains an important input for ROE, and we continue to work on our ambition of 50% to 52%.

As for distribution, we currently have an amount just over EUR 2.8 billion reserved outside of CET1 capital as per our policy, and we intend to use specials to return additional capital over time.

Wrap up

15

To wrap up with the highlights of the quarter.

Wrap up

- Focus on climate action continues to accelerate and we actively engage with companies to finance the investments needed for the transition to a low-carbon economy
- Strong pre-provision result, supported by continued strong fee income, higher lending margins and negative interest rate charging as well as cost control, despite ongoing margin pressure on customer deposits
- Fee income remained strong, up 20% YoY. Daily banking fees increased reflecting higher package fees and a recovery of domestic payment transactions. Lending fees increased, while YoY also investment product fees were higher
- Risk costs were €39 mln with a stable Stage 3 ratio at 1.5% and we are confident about the quality of our loan book

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Climate change is on top of agendas with an urgency to accelerate actions to transition to a low-carbon society. We support this acceleration, also where we can have the most impact as a bank, by supporting our clients in that position.

Our performance was strong. This quarter, we managed to realise another record quarter in fees, to grow our mortgage book and to manage the pressure on NII, while we kept expenses under control.

Risk costs were EUR 39 million. We have released part of the management overlays applied in the previous sectors, reflecting a robust GDP forecast and improved risk indicators on our loan book. The quality of our loan book was again evidenced with very limited risk costs on individual files and a low Stage 3 ratio of 1.5%. We continue close monitoring, though, also with the challenges related to supply chain issues and rising prices.

That concludes the presentation, and we are now happy to take your questions. Thank you.

Questions and answers

Q: Benoit Pétrarque – Kepler Cheuvreux

Good morning. Thanks for taking my questions. The first one is on lending growth. We have seen some repayment of short-term facilities in the Wholesale Banking segment. I wanted to try to get a kind of underlying view on the current loan growth in Wholesale Banking. Could you help us on that one? Also, looking at lending fees up 20% quarter on quarter, I assume that your pipeline for the fourth quarter is quite good. I just want to have your view on lending growth beyond Q3.

The second question is on NII. Looking at the two main moving parts, the first one is the drag from the replicating portfolio. I think you guided for a front book - back book gap of 25 bps on the yield. I am just wondering where you are today. And, at the current interest rate level, do you expect, let's say, the drag to be offset by loan growth or do you still have a kind of decent level in terms of pressure from low rates? So, I am just wondering where you are now.

And then on NII, just a sub question. On the negative charging of EU, I think you guided for an incremental of EUR 120 million in 2021. I was wondering if that is still a kind of overall guidance for 2021. Thank you.

Steven van Rijswijk – CEO ING: Okay. Thank you very much. We are writing frantically because the operator said two and you came with five questions, so I have to write quickly. So let me take most of the questions and then let me give the questions on NII, the gap yield and the drag that we still experience to Tanate.

So first of all, Benoit, on your question on the [negative] interest rate charging. The guidance for next year: we have up to EUR 300 million. That was initially EUR 220 million I believe, and that is now up to EUR 300 million, so that has gone up.

If I look at loan growth in Wholesale Banking, for this quarter, we had a growth in Trade & Commodity Finance, we see already growth in syndicated loans. That also came out in our fees because part of the growth in fees came from syndicated loan fees. These are not all yet booked, but we do see an increase in those fees, and that shows that the syndicated loan market is coming back again, at least for now. On the flip side, we do see that a number of short-term facilities have been decreased and been repaid.

So we still do see a mixed picture and like we said, we are helped, of course, by the economic developments and by the growth in GDP in 2021 – and that growth will need to continue and is currently expected to continue in 2022 - that will also help to resume loan growth in Wholesale Banking.

If you look at the lending fees, like I said, the question is whether I am optimistic. In one of my presentations I said there can be more to come.

We believe so because we see growth in our primary customers, and that was 95,000 this quarter. The primary customers are the first indication, because as long as we can grow our number of clients, but also with clients who take more than one product from us, it automatically means that we are able to grow our fees because with those clients, we have more quantitative but also more qualitative interactions, more smart, more easy, more personal.

The second lever is the fact that we are still active in a number of markets where we are big, but also others are big, whereby fees are relatively low. We have seen that in the pressure of the interest rate environment, fees are increasing and competitors are either starting or following each other. In other markets, especially in Challenger & Growth markets, we still are levying fees on a number of products, which levies are still quite a bit below what others are charging – and I need to be specific – for exactly the same products.

The third lever is the fact that we are developing a number of new digital propositions because we have been a low-fee bank that we are rolling out, such as the digital investment proposition that we have in Germany and that we also start to roll out elsewhere. So those are the three elements on the base of which we are confident.

Last but not least, we also see that the payment levels are back to pre-corona crisis levels. However, not the international payment levels. The international payment levels are important for us to make our fees on payments and that needs to resume to get back there. Also lending fees are still below the levels that we typically saw before corona.

Then I will give the floor to Tanate on NII and the drag.

Tanate Phutrakul – CFO ING: Benoit, thanks for your question. We do not give guidance specifically on NII, but the input factors into sustaining our NII, which is the fact that we need to have somewhere around 3% to 4% loan growth. So far, with some patches here and there, we are confident that loan growth at that pace will resume.

The second thing that we rely upon is the fact that our origination margin on loans remains robust and that is the case during the course of Q3. We also rely to a certain degree on negative interest rate charging and, as Steven has mentioned, basically this year we make EUR 220 million from negative rate charging, which will rise to EUR 300 million based on action already taken this year. So those are key components.

The last component is really about how the financial markets are moving at the moment and how the yield curve is affecting us. Quite frankly, a high yield curve is beneficial for us and we replicate approximately 20% of our savings book on an annual basis. So, while it has taken time for the replicated impact to come down, it will also take a certain amount of time for the replicated benefits to come up as well. It will be a gradual process. The only caveat I would make is, of course, if short-term rates were to move fast, then it could have a more immediate impact in our results. To give you a couple of moves that we already saw in October, Poland has, for example, today increased their rates and then Romania has increased rates. These are small markets for us. But that for example would have immediate beneficial impacts on our results in a sooner period than what I just described.

Benoit Pétrarque – Kepler Cheuvreux: Great. Thank you very much.

Q: Giulia Miotto – Morgan Stanley

Good morning. My first question is on costs. I believe that ING wants to lower the underlying cost base, excluding regulatory cost, excluding one-offs, excluding business exits. However, the wage market and the labour market in the Netherlands and the core European market are going pretty strong, and we see inflation basically everywhere. So, what are you seeing in terms of cost inflation and how do you expect that to develop next year?

Then in terms of the deployment of capital, I just want to confirm that I understood it correctly. I think you said that you intend to return excess capital via specials. Would that specifically point into special dividends rather than buybacks or the excess capital can be returned with a mix of special dividends and buybacks? Thank you.

Steven van Rijswijk – CEO ING: Thank you very much, Giulia. We will continue to be disciplined on costs. We do reinvest part of the savings that we got from the actions that we have taken, but the discipline will continue and therefore, we also continue to monitor the right direction of our cost trajectory. We still intend to bring the cost down. In the past and also this year we have been able to absorb inflation

also in the Netherlands, but also in other jurisdictions. We will take that on the chin and we will continue to see how we will be able to compensate that.

On capital you ask whether that is by means of dividend or by a share buyback or capital distribution. We do not know as yet. We will give you more information about the specials at the first quarter results 2022.

Q: Stefan Nedialkov – Citigroup

Good morning, a couple of questions on my side. On capital, I am not 100% clear how to square the comments on Basel III/IV being fully absorbed and an additional EUR 8 billion coming out. Is the EUR 8 billion from the mortgage floors going to be offset by a release of some of the RWA top-ups you took this quarter? If you could you explain the moving parts there and also confirm that, based on the European Commission draft legislative proposal of Basel III that was published at the end of October, you are not seeing any incremental impact. So, that is on capital.

My second question is on Turkey. Can you update us on the intragroup funding into Turkey as of 3Q, please? Thank you.

Steven van Rijswijk – CEO ING: Thank you very much, Stefan. On the intragroup funding, that has come down from last quarter, EUR 600 million to now EUR 500 million. So that has come down with EUR 100 million.

On Basel IV, what I meant to say was that we still have the mortgage floor that will kick in, in 2022, in The Netherlands. We estimated that at EUR 8 billion currently and that is what we call a prelude to Basel IV. So when Basel is introduced, it will have the same effect as the EUR 8 billion, so it is not being taken off the table but Basel IV will not add anything else because by means of this floor that measure then already is taken for our mortgage portfolio in this country. With regards to the EC legislation and the legislative proposals regarding Basel III, that does not mean further incremental capital increases for ING.

Stefan Nedialkov – Citigroup: Thank you. Just to confirm, when you made the comment that the regulatory impacts have been mostly absorbed, you meant except for the EUR 8 billion?

Steven van Rijswijk – CEO ING: Yes, I am sorry, indeed, except for the EUR 8 billion.

Stefan Nedialkov – Citigroup: Thank you so much.

Q: Omar Fall – Barclays

Hi, there. Just firstly, just a couple of clarifications on numbers. How much was the prepayment penalty amount in mortgages in the Netherlands roughly? And then – sorry if I have missed this – but what was the quarter-on-quarter increase negative charging benefit in the quarter?

And then on a similar kind of numbers question, but just on the restructuring costs announced so far for the businesses in run-off, the Czech Republic and Austria. Is that largely complete and all that is pending is France, basically?

And then on the numbers, my question would just be on fees and commissions. Could you let us know specifically by geography, what is left now in terms of pricing changes on daily banking fees? I think in the last quarter, you vaguely mentioned Southern Europe. But I guess it is just hard because if one looks at advertised prices, it is a bit unclear where you differ from incumbents locally now. So is it a case of new-customer-versus-existing customer pricing? If could you give us some specific geographies and products where there is still a material difference, that would be very helpful. Thank you.

Steven van Rijswijk – CEO ING: Thank you, Omar and I will take the questions on restructuring costs and fees and on prepayment – and NIR quarter on quarter I will leave to Tanate.

So first of all, on the fees, what I can be specific on is that we already announced further payment package increases in the Netherlands, which will start as of 1 January 2022. There are also some small ATM increases in Australia that we will be going through. We have announced several things and as soon as there is more to announce, we will let you know, but I can, of course, not make forward-looking statements. But like I said, the lever that we have to pull in terms of the growth of our primary customers, the fact that we are still operating in low-fee markets, that we are still behind in the number of the products for other markets and that we can still develop new services that we are rolling out is helping. You have seen we have been increasing everywhere around the globe in all markets, we have increased in all of them.

On restructuring costs and restructuring. Czech Republic is completed. Austria is nearing completion, but not quite there yet. In France, you know that we are currently having a review. Payvision we just made the announcement on the provision but the restructuring in that sense still needs to happen, the rolling off of Payvision will happen in the course of 2022. So most of it is currently undergoing, but not completed yet. Tanate?

Tanate Phutrakul – CFO ING: Omar, to answer your question on the first prepayment fees on mortgages. Just to clarify, from an accounting perspective, these prepayment fees appear in our net interest income line, just to not confuse about fees because we talked about prepayment fees. The amount of prepayment fees in the Netherlands is approximately EUR 49 million, which is EUR 10 million higher than the same period last year. That is to address your question on prepayment fees.

On the negative interest rate charging, as we mentioned, the full year impact is about EUR 220 million, of which the quarter-on-quarter increase is approximately EUR 30 million. So, that is addressing your first question.

Omar Fall – Barclays: Perfect. Thank you.

Q: Johan Ekblom – UBS

Could we just continue on the net interest income for a second? This increased guidance on negative deposit pricing for next year, does that mean that there is an incremental benefit into Q4 or into Q1 on the Q3 run rate?

Secondly, you spoke briefly about the gearing to higher short-term rates. If we look at the ...

Steven van Rijswijk – CEO ING: Johan, your...

Operator: I am afraid he has lost his connection. I will go to the next person for now.

Q: Tarik El Mejjad – Bank of America Merrill Lynch

Hi, good morning, two quick questions please. First of all in the cost of risk, you have mentioned your guidance of below or around 20 - 25 basis points. Are you are thinking to change this guidance for this year and next and can you give us elements of if not why would you have any concerns on pick up of Stage 3 provisions in Q4 onwards?

My second question is on the timing of your investor day next year, mid-June. Are you waiting for more reduction of uncertainty macro wise and regulation? I would believe you would like to quickly give us a more short-term guidance on the higher ROTE and more normalisation of your excess capital. I just to understand why you wish to have that mid-year next year.

Steven van Rijswijk – CEO ING: Thanks. I think that the main reason for the date is because we wanted to pick a date in 2022. We thought that this was a good date to give you a further update on our strategy, on the progress that we are making and the direction of the bank. The months of April and May are typically also busy with the AGM and all kinds of other internal strategic meetings. So that is why we chose June and there are no other reasons behind it. We are very keen to see you there.

On cost of risk, I give the floor to Ljiljana.

Ljiljana Čortan – CRO ING: Good morning, Tarik and let me reconfirm that our risk costs for 2021 will remain well below the through-the-cycle average and we are feeling very much comfortable about it, based on the strong quality of our loan book and also risk management frameworks in place. As mentioned before, that have not changed during the pandemic nor post, we continue our prudent approach there, so, no reason to see the fourth quarter different than what we have seen so far.

Steven van Rijswijk – CEO ING: Okay. Thank you very much. Sorry, operator, do we go back to Johan? Is he back? Or do we move forward?

Operator: Mr. Ekblom is back in the call.

Q: Johan Ekblom – UBS

Thank you and thanks for letting me back in. Apologies for that. But just very briefly, the first question was, is there any further sequential benefit to be had on the deposit repricing or is it not a full year effect this year, and it will be next year?

And the second one was just on Poland. If I look at the results of your Polish subsidiary, NII was up 5% quarter on quarter. I am just trying to understand what is the phasing-in of the benefit of rate hikes there. Is that more or less a full benefit of the first 50 basis points in there and can we use that as a proxy for the rate hike we had yesterday? Or is there a delay and there is sort of even more to come?

Steven van Rijswijk – CEO ING: Tanate will do both answers. So first is on NII, in terms of what will come. That was the question before you dropped off: what will come still in the fourth quarter and how will it phase in into the next year? The second question is on Poland.

Tanate Phutrakul – CFO ING: Thanks, Johan. On NII charging, as we mentioned, it is first of all about the action we already announced and taken. It is not about any future actions that may take place, just to clear that up. The second one is, of course, that as things take place, -- for example, negative charging in the Netherlands and Belgium that started in July – negative charging for certain high net worth individual in Germany starts in November. So these will affect the results going into next year. So it is not that you see the bump in Q3, and it stays at this level. There is a certain gradual increase because of the time delay of the calendar year. So that is to address your first question.

The second question was with respect to Poland. The impact of the rate hike is not in our numbers because it is recently announced. The strong drive in terms of NII in Poland has much more to do with the strong commercial growth, strong loan growth that we see in Poland at good spreads and that we are doing quite well. In fact, we are very successful in terms of market share in Poland.

Johan Ekblom – UBS: Perfect. Thank you very much.

Q: Kiri Vijayarajah – HSBC

Yes, good morning, everyone. I have a couple of questions, if I may, on the gearing to higher oil and energy prices that we are seeing. So firstly, to what extent does that feed through potentially into Wholesale Banking volumes from bigger ticket sizes and potentially more energy capex you are seeing in the pipeline? Or is it more a case that you are still somewhat cautious on growing the energy commodity side of things, I guess, particularly with ESG considerations, et cetera?

And then in a similar vein, in terms of asset quality, does the higher oil price give you scope for maybe more provision releases? I am thinking particularly on the Stage 3 book. Also, what kind of timing should we see that potentially? With 4Q or is it more a kind of 2022 thing that higher oil and energy prices bleed through into your provisioning models? Thank you.

Steven van Rijswijk – CEO ING: So Ljiljana will take the question on the provisioning levels and the quality of our book.

If we look at the oil and gas, we saw a small uptick in Trade & Commodity Finance as a result of the higher oil prices. That is also the reason why TCF book grew, based on higher oil prices. But we are also gradually seeing higher working capital needs coming in and that could actually then help that business going forward.

Having said that, that links to your ESG comments, when we talk about the Upstream Oil & Gas sector and especially the Upstream Oil sector, there we have made a commitment with which we pull forward from 2040 to 2025 that we will decrease our commitment to the Upstream Oil & Gas sector by 2025 with 12%, because we want to be for that sector also at the net zero path.

Ljiljana, asset quality?

Ljiljana Čortan – CRO ING: Thank you. On the asset quality and impact from the high energy prices. Yes, we are monitoring our portfolio very closely, and we are engaging with our clients in order to understand their positions. I can confirm that so far, we have not taken any additional provisions based on that and as well have not released any provisions based on that. Looking forward, we will continue engaging with our clients in order to understand their needs and clearly to assess and eventually identify the risks in those portfolios. So far, there is no guidance or view on whether it is going to be further released. What we can say is that clearly, as for parts of the economy, high energy prices will

present a benefit, but for some other parts, clearly, they will not. We are looking at overall picture and clearly, we will also assess our strategy going forward over this sector.

Kiri Vijayarajah – HSBC: Thanks.

Q: Jean-Francois Neuez – Goldman Sachs

Hi, good morning and thanks for taking my questions. I have two questions; one is on fees and deposit pricing. When you apply the negative rates to new thresholds of clients and fees also on certain products, I just wanted to understand if we go into a rising rate environment - such as the ones that you have seen in some of your growth and challengers markets -, how sticky do you think these new fees and deposit pricing you can keep if the environment which pushed you to introduce them in the first place - that of negative rate - changes in the future?

And the second thing I wanted to ask was with regards to your comment on the time to yes in your introductory remarks. Very interesting how much you have been able to reduce it. I just want to understand where you think you stand versus your competitors and whether you have seen any tangible benefit outside of simple plan satisfaction? Does that make you gain share or be able to have a better pricing just because you are faster? And related to this is, is there anything in terms of risk parameters that you have to kind of simplify or maybe overlook as you do that? Just to check. Thank you.

Steven van Rijswijk – CEO ING: Thank you very much. On customer experience, we have specific measurements in the organisation on how do we measure easy, smart, and personal. We have specific metrics, how we deal with that in every market. We also look at mobile sales, for example. And we also look at the time and the easiness that we then do business with our clients. One of the metrics here is time to 'yes' and we also have time to cash. We also look at how many of our loans can be pre-approved, what the percentage of green is, the percentage of red and then the percentage of grey, which is then a fallout to someone that then has to intervene, so a personal intervention.

We have all these metrics to improve our customer experience and to make it smart, personal, and easy. We do that because we believe that the differentiation of that customer experience will also be the differentiator in doing business. Therefore, at the same time we measure is our Net Promoter Scores, not only at an overall customer satisfaction level, but also at a product or even - if you look at AI - at a bot satisfaction level: how satisfied are you with the usage of this chat bot in your conversation? We mention that continuously because that customer satisfaction helps us to improve our experience and with that mobile sales. We see that our NPS is still at very high levels and that is what we find important because we believe that customer satisfaction will drive our revenues as well. We do not have figures on all the sub-elements I just mentioned, like time to 'yes' and time to cash, but we know the NPS scores of our competitors and we do track that regularly. In five of the twelve markets that we are in we are number one and in a couple of markets we are number two. We want to be high in customer satisfaction because in the end, that is for us a key differentiator. Tanate?

Tanate Phutrakul – CFO ING: Jean, let me address your point with respect to fees and rates movement. I think, as Steven mentioned, our fee levels for comparable products as too low compared to competitors. So I think with rising interest rates, we believe those fees remain good value and remain sticky for our customer base.

Then on the rates themselves. I think just going back, even 18 months ago during the period of Covid, our retail deposit book is one of the most stable and sticky parts of our balance sheet. It is one of the great strengths of ING, if I may add. As long as the rate hike by central banks are happening in a

gradual manner, we think that we can reprice our assets ahead of our liability book. So we are also confident that, given not too steep/not too sharp rate increases, we can keep the asset prices rising beyond the liability side.

Jean Neuez – Goldman Sachs: Thank you very much.

Q: Raul Sinha – JP Morgan

Hi. Good morning, all. Some of us probably do not want to wait until June next year, so I wanted to ask you about the 12.5% ambition again. We see the gap keeps expanding every quarter as you build capital. Let me ask it slightly differently, Steven. Consensus currently models your CET1 ratio reducing to 14.9% next year but remaining stable at 14.9% in 2023. Do you think that appropriately captures the pace at which you want to normalise to your ambition?

Steven van Rijswijk – CEO ING: Right. From what I got, Raul, your question for me is to comment on the consensus of the pace of the capital decrease. Is that what the question is?

Raul Sinha – JP Morgan: Yes. Basically, the total of expectations in the market is that your CET1 is still going to be almost 15% till 2023. Is that fair?

Steven van Rijswijk – CEO ING: Okay. Okay. Well, I leave the consensus for the consensus for now but what I find important is that we have just taken a first step by doing a share buyback, which we have not done for twelve years. We got approval for that share buyback and we have also said that after we have completed the share buyback, we will announce new specials. I do realise that with our dividend policy of 50% of resilient profits it requires to pay a significant higher amount to be able to bring capital down. Now, I cannot tell you about our conversations with the supervisor – I will never do that – but I would like to point out the good outcome and the pleasant conversation that we have had with the supervisor when we talked about the share buyback that we are currently executing. That confidence I want to exuberate when we move to the next steps when we talk about the specials to move to us towards 12.5% over the next couple of years.

Raul Sinha – JP Morgan: Okay. Did I hear you correctly when you said you will update on the next distribution in Q1 2022? Does that mean we should expect an update at full year results?

Steven van Rijswijk – CEO ING: That means that you should expect an update at the first quarter results 2022, yes.

Raul Sinha – JP Morgan: So that is in May?

Steven van Rijswijk – CEO ING: Yes.

Raul Sinha – JP Morgan: Got it. Thank you.

Steven van Rijswijk – CEO ING: That is before June.

Raul Sinha – JP Morgan: Yes.

Q: Robin van den Broek – Mediobanca

Good morning, everybody. Thank you for taking my questions. My first question is on the flexible credit compensation that you took in costs. You have more variable rate products in your product portfolio. Could you just talk a little bit about what kind of tail risks you could see on those products? There are some consumer claims or some claims organisations still out there that are banging the drums on that.

Secondly, in your RWA waterfall, you have EUR 11 billion of ongoing redevelopments of internal models and EBA guidelines impact. The word 'ongoing', I guess, is just a reflection that you will have ongoing internal model redevelopments, but not necessarily of negative impact as big as we have seen in Q3. I was just wondering if you could you comment a little bit on that.

Lastly, when I spoke to your Investor Relations department this morning, they also mentioned that you had a change in tax rate guidance planned for this call. I think I have not heard that yet, so I am just wondering about that. Thank you.

Steven van Rijswijk – CEO ING: Okay. I am now looking frantically at Mark Milders: what have you been telling? But I will give that question to Tanate, Robin. You talked about KiFid. KiFid is an independent mediator that looks at complaints of clients and then comes to a verdict. That was put in place to make sure that there is an independent party to oversee that and that can come to a verdict pretty quickly so that those elements can then be taken into account by banks and then, if need be, compensate the customers. That is what we are doing. We are following exactly these guidelines of KiFiD. Based on those guidelines, we want to compensate our customers for a market rate that was not a consistent market rate in the past. It was not a clear market rate, so the information provision to our clients was not sufficiently clear. Therefore, we then used the market rate that we should have used to then compensate our clients on that basis, in line exactly with what KiFiD is saying that we should do.

We are currently also talking to the consumer organisation to see how to best do that and then contact our clients as of December to then pay these amounts in 2022 and then be done with it in 2022. This is our current best estimate and based on what we can see, we have taken all elements of KiFiD into account. That is where we currently are. As far as we can see, we have provided prudently for that.

With regards to our models, you are right. There are always model updates. We have a number of rating systems, which consist of PD, LGD, IFRS, EAD models and so forth and so forth. I have also some financial markets models and I can bore you with this for ages. Ljiljana looks now very enthusiastic. She wants to talk about this but we will not do that. We have regular model updates and sometimes it will be an up and sometimes it will be a down but that is just nothing out of the ordinary. So EUR 11 billion was a special event in that sense. What we meant with the EBA guidelines is that we need to have certain compliancy with some model redevelopments as per 1 January 2022 and that is now being taken into account. Tanate, what did Mark Milders say?

Tanate Phutrakul – CFO ING: Just on the tax rate. I know you need it to calculate our net profit after tax, the weighted average tax rate, and also to calculate our ROE. So, from time to time we give

guidance with respect to the effective tax rate. Our previous guidance was to have our effective tax rate in the range of 28% to 30% and now we are giving a different guidance. We expect in the coming periods that our effective tax rate will move down from that level to 27% to 29%. This is due to changes in our deductibility in terms of certain items. Also geographically, as some of our profits have shifted to lower geographies on a tax perspective. So this is a move that we wanted to flag to you, that there is a shift in tax rate.

Robin van den Broek – Mediobanca: Thanks. So Steven, just one follow up on the KIFiD matter. I was also referring to other products with variable rates, like mortgages or SME loans, where the market rate is rather central and where you may not have reflected reductions in market rate to your clients appropriately. Do you see any tail risk coming on that side? Or is that not really something you worry about?

Steven van Rijswijk – CEO ING: No, I am not so worried about that because mortgages and these types of private individual products were all linked to public market rates. For some of the variable loans or credit cards there was no public market rate that was referred to. So the banks referred to an internal rate and for customers that was not clear. But that is not the case with mortgages.

Robin van den Broek – Mediobanca: Okay. That is great to hear. Thank you.

Operator: This was the last question.

Steven van Rijswijk – CEO ING: Okay. Then I would like to thank you very much for your attention, and I hope to speak soon. In any case, we will speak in three months' time. Thank you very much and have a great day.

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End of call

Appendix

Volatile items 3Q2021

Volatile items and regulatory costs (in € mln)

	3Q2020	4Q2020	1Q2021	2Q2021	3Q2021
WB/FM – valuation adjustments	91	-13	11	11	38
Capital gains/losses	6	3	36	-2	6
Hedge ineffectiveness	43	-59	23	11	7
Other items income*	-230	0	233	155	50
Total volatile items – income	-90	-69	303	175	101
Incidental items - expenses**	-140	-223	-84	-39	-233
Total volatile items	-230	-292	219	136	-132
Regulatory costs	-111	-331	-587	-172	-121

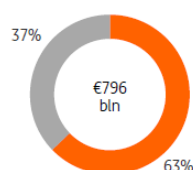
* Other items income in 3Q2020 consists of €-230 mln of impairments on ING's equity stake in TMB; 1Q2021 consists of €233 mln TLTRO III benefit; 2Q2021 consists of €83 mln TLTRO benefit and a €72 million receivable due to a better than expected recovery of the insolvency of a financial institution in the Netherlands; 3Q2021 consists of €84 mln TLTRO III benefit and €-34 mln estimated loss following the agreement to transfer ING's retail banking operations in Austria to bank99

** Incidental items expenses in 3Q2020 consists of €-140 mln of impairments on capitalised cost of software related to project Maggie (both in RB OC&GM); 4Q2020 consists of €-223 mln of incidental costs due to restructuring provisions and impairments as well as a provision for customer claims in the Netherlands; 1Q2021 consists of €-84 mln of redundancy and restructuring costs following the announced restructuring of the branch network and the retail advice organisation in the Netherlands and the announcement to leave the Czech retail market; 2Q2021 consists of €39 mln of redundancy provisions and impairments; 3Q2021 consists of €180 mln provision for compensation of customers on certain Dutch consumer credit products, €44 mln impairment on Payvision and €9 mln of redundancy and restructuring costs in the RB Netherlands

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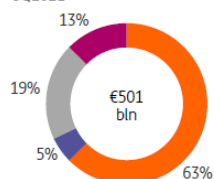
Well-diversified lending credit outstandings by activity

ING Group* 3Q2021

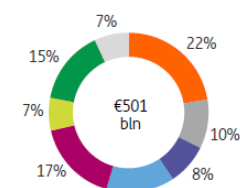


■ Retail Banking
■ Wholesale Banking

Retail Banking* 3Q2021

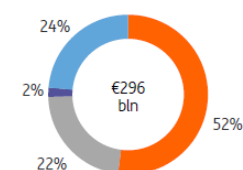


■ Residential mortgages
■ Consumer Lending
■ Business Lending
■ Other Lending**



■ Mortgages Netherlands
■ Other lending Netherlands
■ Mortgages Belgium
■ Other lending Belgium
■ Mortgages Germany
■ Other lending Germany
■ Mortgages Other C&GM
■ Other lending Other C&GM

Wholesale Banking* 3Q2021



■ Lending
■ Daily Banking & Trade Finance
■ Financial Markets
■ Treasury & Other

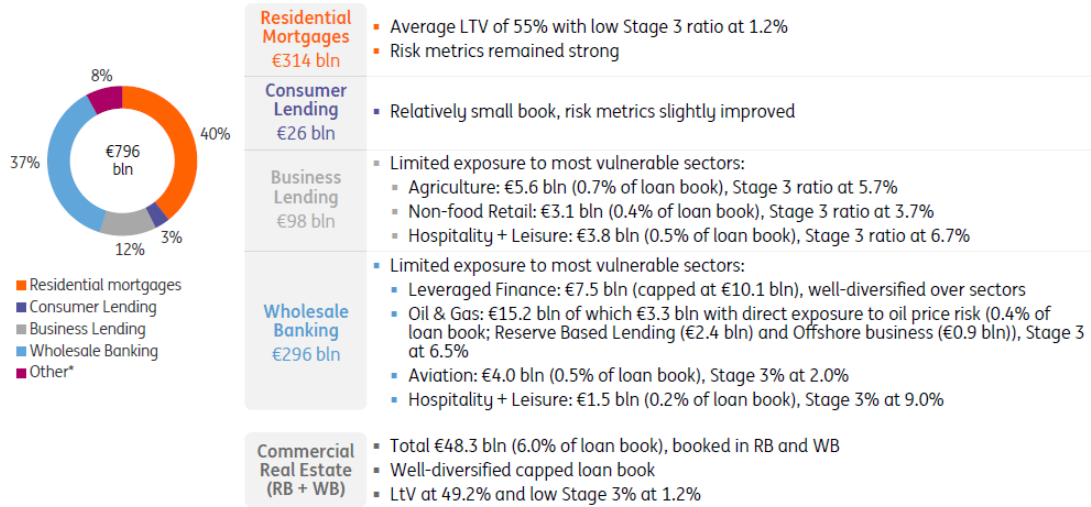
- ING has a well-diversified and well-collateralised loan book with a strong focus on own-originated mortgages and senior loans

* 30 September 2021 lending and money market credit outstandings, including guarantees and letters of credit, but excluding undrawn committed exposures (off-balance sheet positions)

** Other includes €52 bln Retail-related Treasury lending and €11 bln Other Retail Lending

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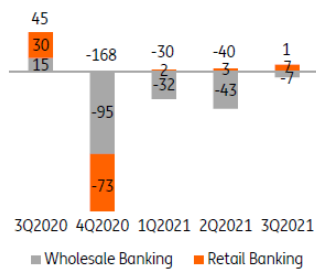
Our lending book is senior and well-collateralised



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Provisioning per Stage

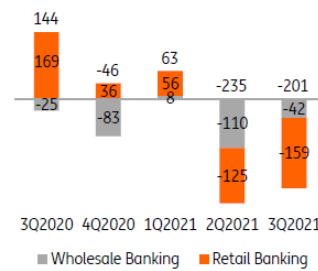
Stage 1 provisioning (in € mln)



Main drivers 3Q2021

- Partial release of management overlays based on sector analysis

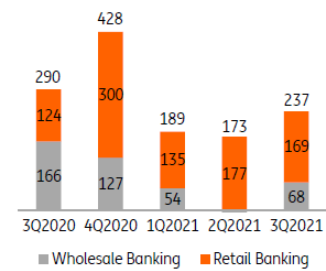
Stage 2 provisioning (in € mln)



Main drivers 3Q2021

- Partial release of management overlays based on sector analysis

Stage 3 provisioning (in € mln)



Main drivers 3Q2021

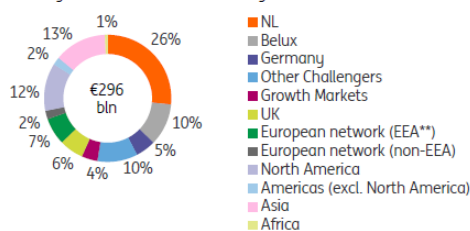
- Additions to collective provisions in Retail Banking, including an addition in Belgium related to a model update
- Additions to some new individual files in Wholesale Banking

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Wholesale Banking lending

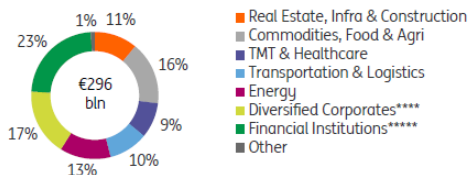
Loan portfolio is well diversified across geographies...

Lending Credit O/S Wholesale Banking (3Q2021)*

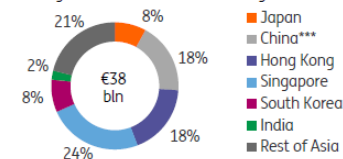


...and sectors

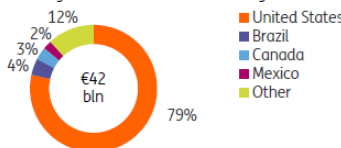
Lending Credit O/S Wholesale Banking (3Q2021)*



Lending Credit O/S Wholesale Banking Asia (3Q2021)*



Lending Credit O/S Wholesale Banking Americas (3Q2021)*



* Data is based on country/region of residence; Lending and money market credit O/S, including guarantees and letters of credit but excluding undrawn committed exposures (off-balance sheet positions); ** Member countries of the European Economic Area (EEA); *** Excluding our stake in Bank of Beijing (€1.6 bln at 30 September 2021); **** Large corporate clients active across multiple sectors; ***** Including Financial sponsors

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Important legal information

ING Group's annual accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU"). In preparing the financial information in this document, except as described otherwise, the same accounting principles are applied as in the 2020 ING Group consolidated annual accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to a number of factors, including, without limitation: (1) changes in general economic conditions and customer behaviour, in particular economic conditions in ING's core markets, including changes affecting currency exchange rates (2) the effects of the Covid-19 pandemic and related response measures, including lockdowns and travel restrictions, on economic conditions in countries in which ING operates, on ING's business and operations and on ING's employees, customers and counterparties (3) changes affecting interest rate levels (4) any default of a major market participant and related market disruption (5) changes in performance of financial markets, including in Europe and developing markets (6) political instability and fiscal uncertainty in Europe and the United States (7) discontinuation of or changes in 'benchmark' indices (8) inflation and deflation in our principal markets (9) changes in conditions in the credit and capital markets generally, including changes in borrower and counterparty creditworthiness (10) failures of banks falling under the scope of state compensation schemes (11) non-compliance with or changes in laws and regulations, including those concerning financial services, financial economic crimes and tax laws, and the interpretation and application thereof (12) geopolitical risks, political instabilities and policies and actions of governmental and regulatory authorities (13) legal and regulatory risks in certain countries with less developed legal and regulatory frameworks (14) prudential supervision and regulations, including in relation to stress tests and regulatory restrictions on dividends and distributions, (also among members of the group) (15) regulatory consequences of the United Kingdom's withdrawal from the European Union, including authorizations and equivalence decisions (16) ING's ability to meet minimum capital and other prudential regulatory requirements (17) changes in regulation of US commodities and derivatives businesses of ING and its customers (18) application of bank recovery and resolution regimes, including write-down and conversion powers in relation to our securities (19) outcome of current and future litigation, enforcement proceedings, investigations or other regulatory actions, including claims by customers who feel misled and other conduct issues (20) changes in tax laws and regulations and risks of non-compliance or investigation in connection with tax laws, including FATCA (21) operational risks, such as system disruptions or failures, breaches of security, cyber-attacks, human error, changes in operational practices or inadequate controls including in respect of third parties with which we do business (22) risks and challenges related to cybercrime including the effects of cyber-attacks and changes in legislation and regulation related to cybersecurity and data privacy (23) changes in general competitive factors, including ability to increase or maintain market share (24) the inability to protect our intellectual property and infringement claims by third parties (25) inability of counterparties to meet financial obligations or ability to enforce rights against such counterparties (26) changes in credit ratings (27) business, operational, regulatory, reputation and other risks and challenges in connection with climate change (28) inability to attract and retain key personnel (29) future liabilities under defined benefit retirement plans (30) failure to manage business risks, including in connection with use of models; use of derivatives; or maintaining appropriate policies and guidelines (31) changes in capital and credit markets, including interbank funding, as well as customer deposits, which provide the liquidity and capital required to fund our operations, and (32) the other risks and uncertainties detailed in the most recent annual report of ING Groep N.V. (including the Risk Factors contained therein) and ING's more recent disclosures, including press releases, which are available on www.ING.com.

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