



ING Investor Update 2022

Chief Risk Officer

13 June 2022



do your thing

Value protected by a strong credit risk management framework

Focus on diversification

- Caps on exposures to mitigate concentration risk
 - Clients
 - Products
 - Sectors
 - Specific books (e.g. Leveraged Finance)
 - Countries

Selective at the gate

- Granular cascaded risk appetite boundaries / limits
- Focus on senior creditor position (~100%) and secured structures
- Disciplined origination with combined front office and Risk sign off

Pro-active management

- Early warning based monitoring
- Structured watch list process
- Agile restructuring strategies to maximise recovery value

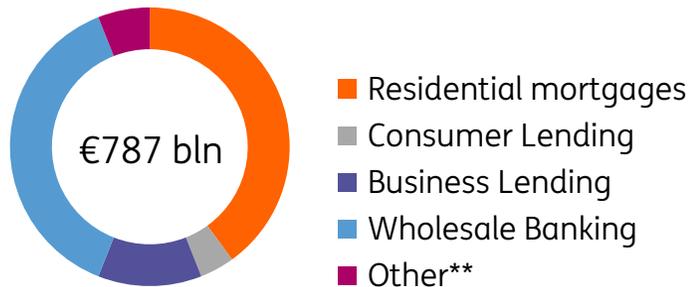
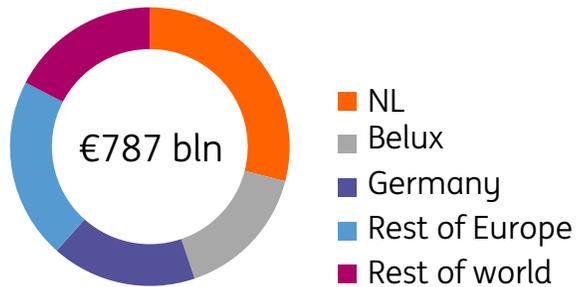
Strong credit risk culture

- Effective three lines-of-defence model
- Learning-loops and feedback ensure continuous improvements
- Ongoing risk awareness initiatives including pioneering on behavioural risk management

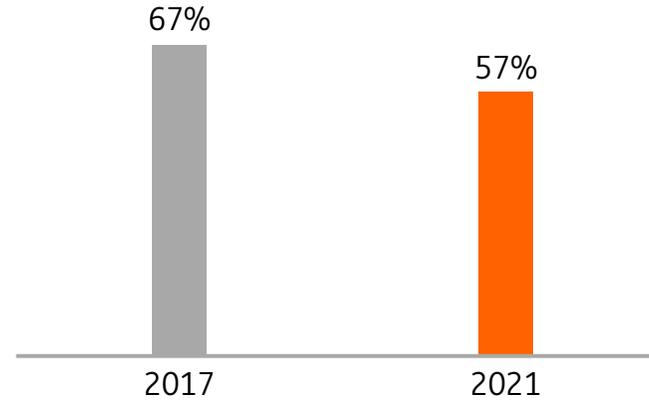
Portfolio view confirms strong credit risk position

Diversified by geography and product

Lending credit outstandings* 2021

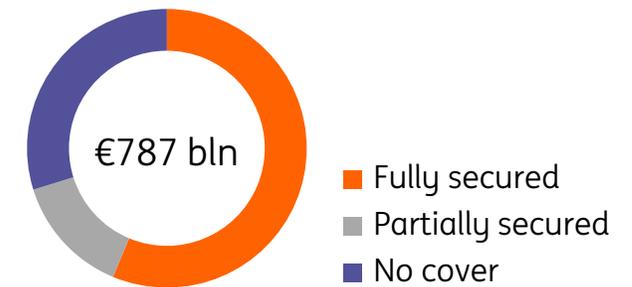


Lower loan-to-value Retail mortgages



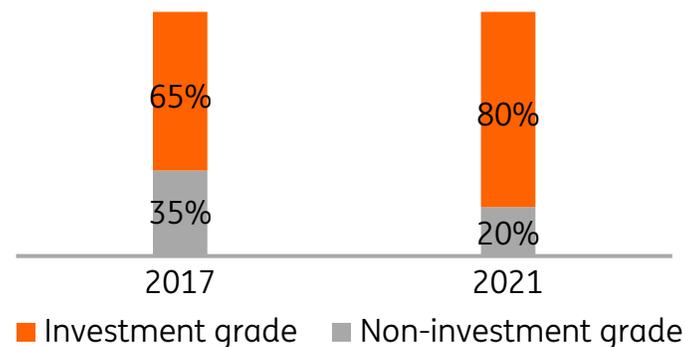
Well-secured loan book

Lending credit outstandings* 2021



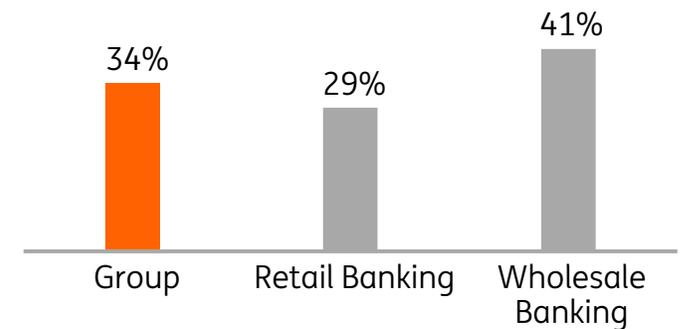
Focus on lower risk in Wholesale

Split loan book***



Combined with prudent provisioning

Coverage ratio 2021



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

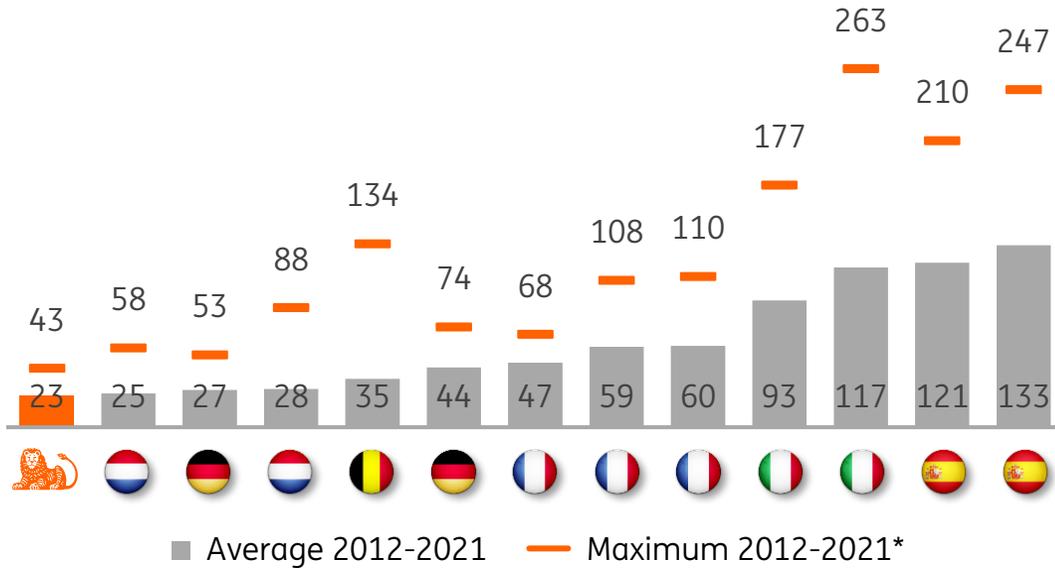
** Other includes Retail-related Treasury lending and Other Retail Lending

*** Based on Wholesale Banking internal counterparty rating distribution of lending credit outstandings

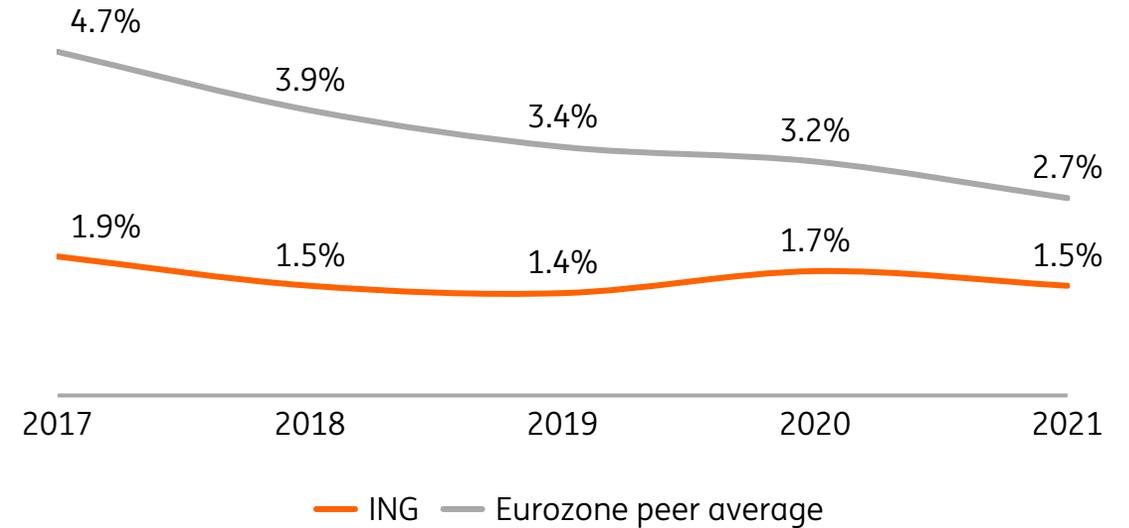
Strong track record in managing credit risk through-the-cycle

Lowest risk costs in eurozone peer group

Risk costs in bps over average customer lending



Stage 3 ratio well below eurozone peer average



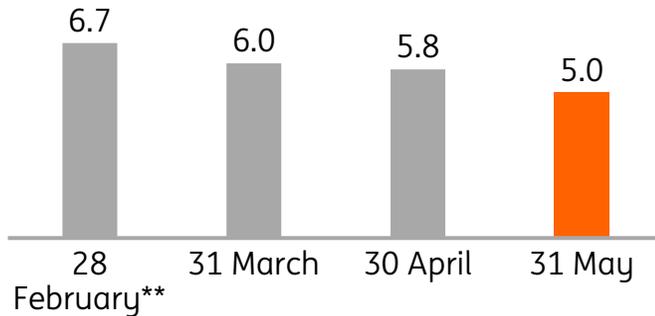
Source: Bloomberg, Annual disclosures

Eurozone peers include ABN AMRO, BBVA, BNP Paribas, Commerzbank, Credit Agricole, Deutsche Bank, Intesa Sanpaolo, KBC, Rabobank, Santander, Société Générale and UniCredit

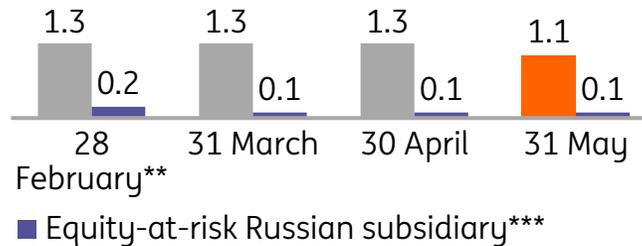
* Highest annual average

Managing Russia-related exposure

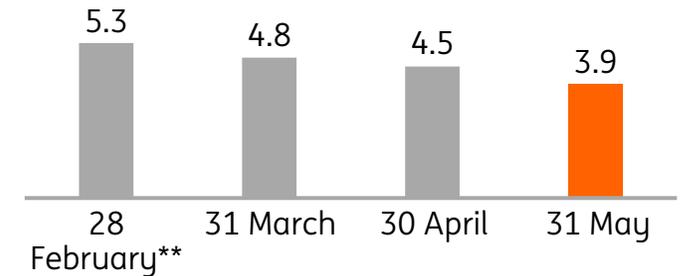
Total Russia-related exposure*
(in € bln)



Onshore exposure* and equity
(in € bln)



Offshore exposure*
(in € bln)



- Since sanctions in 2014, caps are applicable and exposure reduced to <1% of loan book
- Pro-active approach to manage exposure and de-risk, taking into account value for all stakeholders
 - No new business with Russian companies
 - Engaging with existing clients
 - >25% reduction of exposure since the end of February 2022
- Longer term exposures are largely covered by €1.2 bln ECA, CPRI and European parent guarantees
- (Un)expected losses already largely included in CET1 capital through risk costs and increased RWA in 1Q2022

* Lending credit outstandings, including pre-settlement, money market and investment limits, excluding off-balance sheet positions

** As published on 4 March 2022

*** Amount as of 31 May 2022 based on preliminary numbers

Operational resilience and strengthening our gatekeeper role

Operational resilience

- Uninterrupted services during the pandemic with high channel availability in 2020 and 2021
- Smooth functioning of working from home for employees
- No major cybersecurity incidents in 2020 and 2021
- Focus on security of identity and access management, with systematic scanning for vulnerabilities
- Data analytics to spot anomalies
- Third party cooperation to detect emerging trends in fraud and cybercrime
- Operational risk losses stable despite increased digital channel usage driven by the pandemic

Strengthening Know Your Customer (KYC)

- Global organisation in place
- Global policy and risk appetite statements rolled out
- Continuous KYC-focused behavioral risk assessments
- Larger workforce with upscaled skills for KYC-related activities in front office, compliance and KYC organisation, including in hubs
- Ongoing roll-out of global standards, systems and operations to support the customer KYC lifecycle
- Collaboration with peers on activities related to anti-money laundering (AML)

Focus on effective and efficient risk management

Effective and efficient

- Further developing third-party cooperation in areas such as anti-money laundering and cyber security
- Simplifying and further digitalising/automating risk processes
- Focusing on effectiveness of controls, with risk-based approach

Pro-active approach

- Identifying and adapting to new and emerging risks, such as climate risk
- Embedding new risks into risk management frameworks
- Continuously adapting our organisation and governance
- Having the right skill set

Enabling opportunities

- Enabling opportunities within our risk appetite to support sustainable business opportunities
- Supporting capital velocity

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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