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

- NL
- Belux
- Germany
- Rest of Europe
- Rest of world

- Residential mortgages
- Consumer Lending
- Business Lending
- Wholesale Banking
- Other**

Lower loan-to-value Retail mortgages

- 2017: 67%
- 2021: 57%

Focus on lower risk in Wholesale

Split loan book***

- 2017: 65%
- 2021: 80%

- Investment grade
- Non-investment grade

Well-secured loan book

Lending credit outstandings* 2021

- Fully secured
- Partially secured
- No cover

Combined with prudent provisioning

Coverage ratio 2021

- Group: 34%
- Retail Banking: 29%
- Wholesale Banking: 41%

* 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
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

- 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

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**Total Russia-related exposure** *(in € bln)*

- 6.7 (February)**
- 6.0 (March)
- 5.8 (April)
- 5.0 (May)

**Onshore exposure** *(in € bln)*

- Equity-at-risk Russian subsidiary***

  - 1.3 (February)**
  - 1.3 (March)
  - 1.3 (April)
  - 1.1 (May)

**Offshore exposure** *(in € bln)*

- 5.3 (February)**
- 4.8 (March)
- 4.5 (April)
- 3.9 (May)

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* 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
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