Growing the difference

Accelerating growth, increasing impact, delivering value

Capital Markets Day 2024

Tanate Phutrakul, Chief Financial Officer

17 June 2024

do your thing

We have a strong financial model, delivering attractive returns

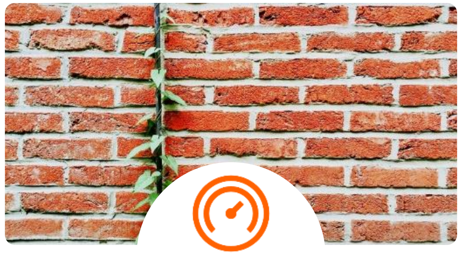
Who we are

Highly diversified business

- **Diversified geographical footprint** with a highly profitable Retail Banking franchise across 10 countries and a global Wholesale Banking network
- Highly **diversified loan book** across mortgages, business loans and corporate loans, with a strong focus on secured lending

Superior funding profile

- **Highly insured** and continuously growing customer deposits
- 67% of the balance sheet is **funded by customer deposits**, compared to 47% eurozone peer average[1)]
- 90% of deposits are from Retail Banking, **diversified** across >39 mln private individuals and >1.5 mln businesses



Strong capital generation and ratios

- Strong capital position with **ample buffer** to target ratio and regulatory requirements
- **Predictable business model** with strong organic growth and a high return on equity

Attractive shareholder distribution

- **Proven ability to provide attractive shareholder distribution** with >€23 bln of cash distributed since 2019 or >60% of average market cap
- **19% of outstanding shares repurchased** since 2020, including the full currently running programme[2)], further enhancing the attractiveness of future distributions

[1)] Eurozone peers include: ABN AMRO, BBVA, BNP Paribas, Commerzbank, Credit Agricole, Deutsche Bank, Intesa Sanpaolo, KBC, Santander, Société Générale and UniCredit
[2)] Based on the average price under the current programme as per 31 May 2024

We are delivering on our promises since Capital Markets Day 2022

Where we are now

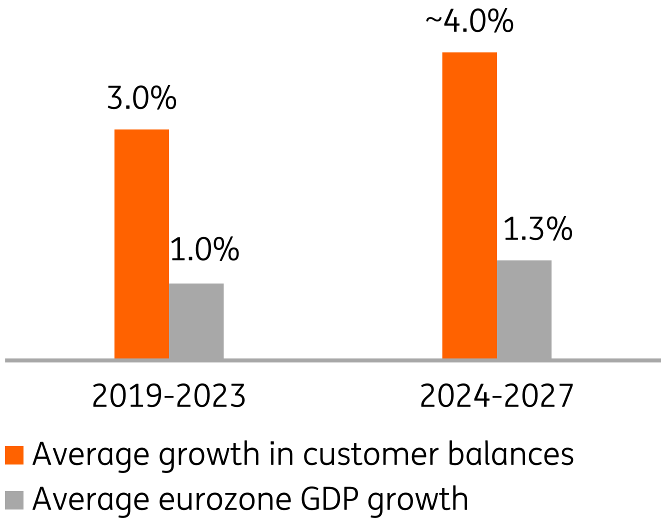
Growing our business	Increasing structural fees	Optimising our costs	Generating capital
▪ Our focus on **profitable lending growth** has enabled us to grow our loan book at healthy margins ▪ We have increased our **deposit gathering** momentum with the return of positive interest rates	▪ We have increased our number of **primary customers** since 2021 by +1.3 mln (+10%) ▪ We have **repriced** packages and introduced (behavioural) fees	▪ We have further increased the share of **operations workforce in our hubs** to 34% ▪ We have reduced our number of **branches** by 30% since 2021 ▪ We have refocused our **geographical footprint** by exiting 4 countries in Retail Banking	▪ We have increased our **structural profitability** through higher fee income, improved asset quality and restored margins ▪ We have **improved our income/RWA ratio** in Wholesale Banking, further supporting our strong capital generation
Net growth in balances **€62 bln** in 2023 vs 2021	**Daily Banking fees** **+26%** in 2023 vs 2021	**Cost / lending ratio** **1.8%** in 2023 vs 3.0% peer avg[1)]	**Shareholder return[2)]** **13.8%** average over 2022-2023

1) Eurozone peers include: ABN AMRO, BBVA, BNP Paribas, Commerzbank, Credit Agricole, Deutsche Bank, Intesa Sanpaolo, KBC, Santander, Société Générale and UniCredit
2) Based on payment date and on average market value (share price * number of shares outstanding at the end of each quarter)

Strong margins and profitable growth, supporting interest income

Our targets

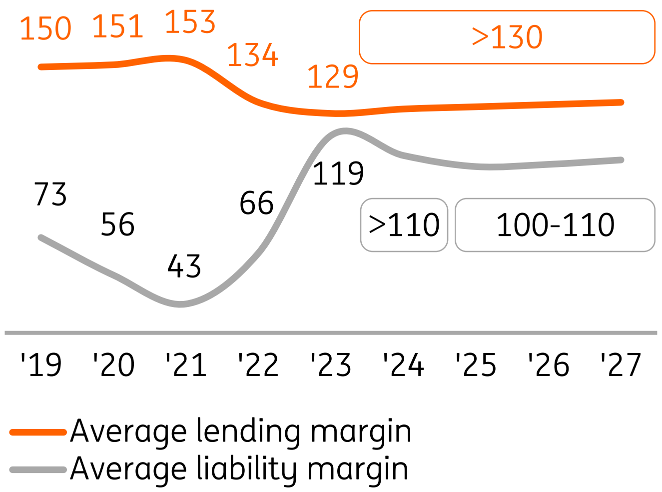
Annual volume growth



- We have demonstrated our ability to grow faster than GDP
- Interest rates are expected to decrease, supporting loan demand
- We continue to attract new customers and grow our business

Lending and liability margins

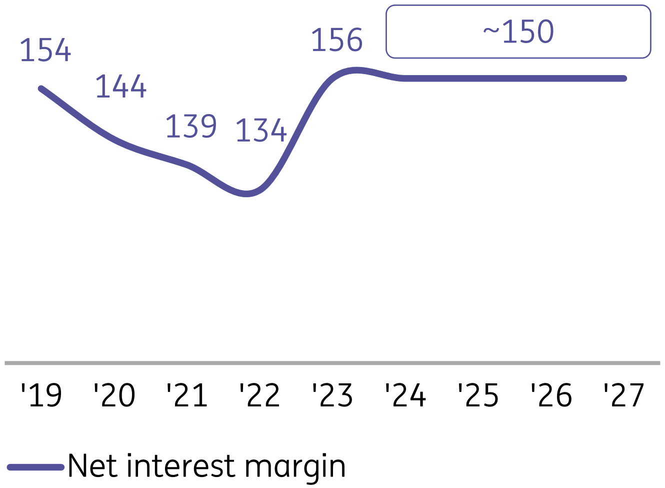
in bps



- Lower interest rates would be supportive for loan repricing
- Liability margins continue to be supported by the tailwind from the longer durations in our replicating portfolio

Net interest margin

in bps



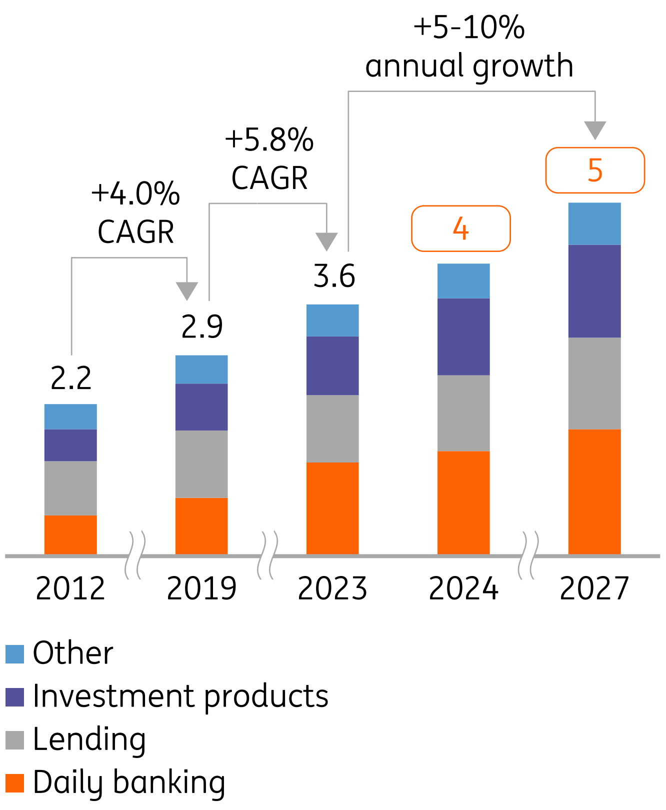
- Our focus on profitable growth supports a continued strong net interest margin
- Going forward our net interest income development is mainly a function of volume growth, while margins can be managed at strong levels in a positive rate environment

Delivering €1 billion of additional fee income by 2027

Our targets

Net fee and commission income

in € bln



Alpha: building a stronger base

Daily banking

- Continued customer growth
- Optimise pricing of payment packages
- Expand subscription model by including premium packages
- Grow Wholesale Banking Trade business

Lending

- Increase capital velocity and expand lead arranger roles

Investment products

- Continued account openings
- Expand offering and drive best practices across countries

Other

- Deepen our product foundation in Financial Markets and in Capital Markets & Advisory

Beta: capturing the opportunity

Daily banking

- Payment activity levels by customers

Lending

- Mortgage brokerage volumes
- Corporate loan demand

Investment products

- Average trading activity levels

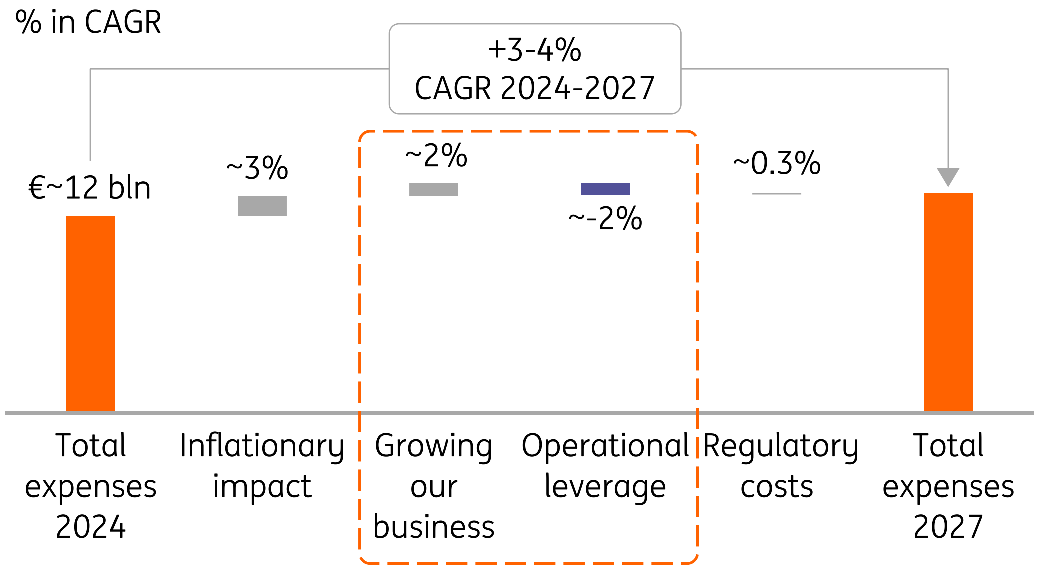
Other

- Economic activity levels

Investing in longer-term value creation

Our targets

Business growth to be offset by operational leverage



- **Inflationary impact** to exceed headline inflation[1)] due to delayed impact through a.o. collective labour agreements
- Investments in **business growth** subject to strict profitability criteria and high execution certainty
- Increasing **operational leverage** through continued digitalisation of our services and infrastructure
- **Regulatory costs** in 2025 expected to be flat versus 2024 (i.e. €~100 mln lower than 2023, assuming no regulatory changes). As of 2026 growing in line with deposit volumes

Growing our business

- **>1 mln** of mobile primary customer growth per year
- **Diversify and enhance product offering** to existing customer segments
- Develop products and services for **new customer segments**
- **€1 bln of additional fee income**
- Continued investments in our Tech platform and **scalable infrastructure**

Operational leverage

- Absolute reduction in **Operations** costs
- Automation and (Gen)AI in **KYC** for CDD and Monitoring
- Further build shared expertise & capabilities in **our hubs**
- Removing customer friction
- **Full STP** including for mortgages

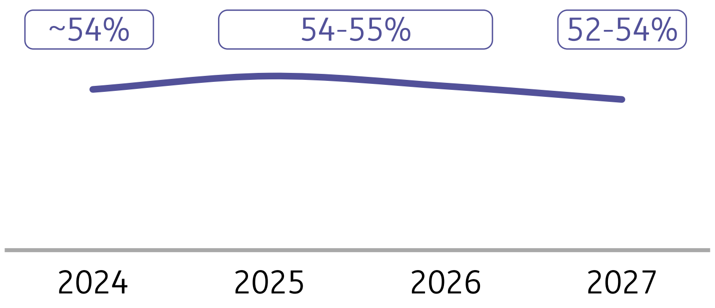
1) Assumed to be 2-2.5% for eurozone during 2024-2027

Delivering positive jaws to 2027

Our targets

	2024 outlook	2027 targets
Total income	~€22 bln	4-5% CAGR 2024-2027
Total expenses	~€12 bln	3-4% CAGR 2024-2027
Cost/income ratio	~54%	52-54%

Cost/income ratio pathway to 2027

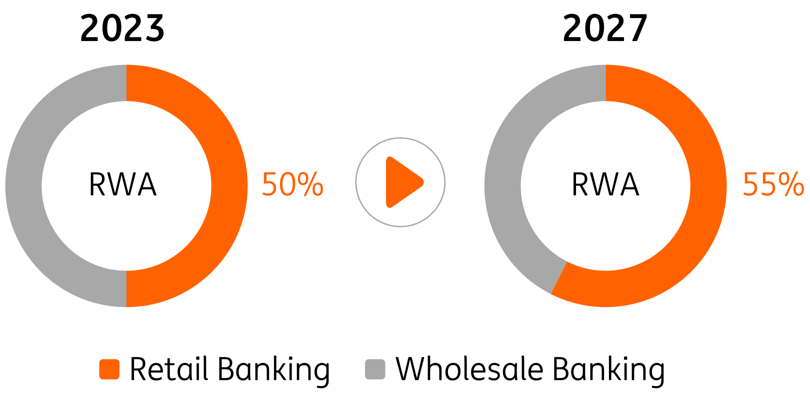


- Positive jaws to 2027, supported by profitable growth and income diversification
- Cost/income in 2025 affected by moderate income growth due to liability margin normalisation, while continuing to invest in longer-term value creation

Improving our return on equity to 14%

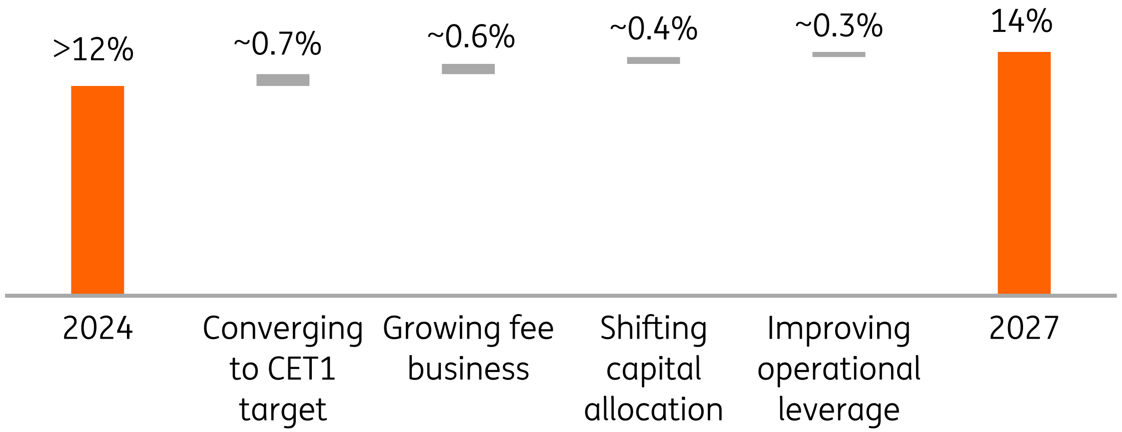
Our targets

Shifting capital allocation towards Retail Banking

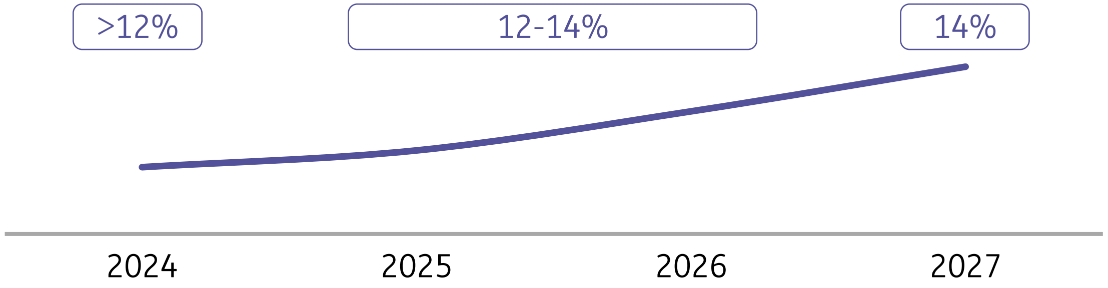


	ROE targets 2027
Retail Banking	>20%
Wholesale Banking	>12%
Return on equity based on 12.5% of RWA	16%
Corporate Line and regulatory adjustments	-2%
Return on IFRS-EU equity	14%

Improving our structural profitability to a 14% return on equity



Return on equity pathway to 2027



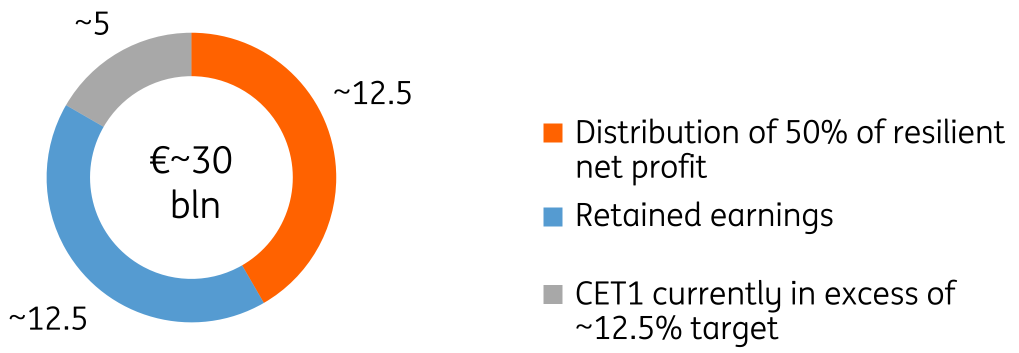
Providing attractive shareholder returns

Our targets

Unchanged CET1 ratio target and distribution policy

- Annual pay-out ratio of 50% of resilient net profit
- CET1 ratio target of ~12.5% confirmed (by end of 2025) and periodically reviewed against capital requirements
- Structural excess capital will continue to be returned to shareholders
- Total annual distribution will take into account: prevailing (geopolitical) uncertainties, loan demand, risk migration and regulatory impacts

Capital build up 2024-2027, based on analyst consensus[1)]



Potential uses of retained earnings and capital in excess of ~12.5% CET1 ratio target

RWA inflation

- Consumption from significant risk migration not expected
- Impact from implementation of Basel IV ~20 bps in 2025
- Potential impact from Basel IV towards 2033 due to phased-in output floors expected to be largely offset by mitigating actions and business steering

Growth

- Lending growth
- M&A to be considered if it accelerates strategy execution and fits stringent criteria

Structural excess capital

- Additional distributions to shareholders

1) Company compiled sell-side equity analyst consensus post-1Q2024

Our targets confirm our ambition to be the best European bank

Our targets

by **growing the difference**

Mobile primary customers annual growth	Total income CAGR 2024-2027	Fee income by 2027	Cost/income ratio by 2027	CET1 ratio by 2025	Return on equity by 2027
+1 mln	+4-5%	€5 bln	52-54%	~12.5%	14%

Structurally improved profitability and continued attractive shareholder returns

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 2023 ING Group consolidated annual accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

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