

# 2Q2025 Comparative Quarters Note

## ING Investor Relations

7 July 2025

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This document 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 statement 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. Furthermore, nothing in this document constitutes an offer to sell, or a solicitation of an offer to buy, any securities

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### General market developments in 2Q2025

- The ECB announced two policy rate cuts during 2Q2025: -25 bps effective as of 23 April 2025 and another -25 bps effective as of 11 June 2025
- Loan demand from corporates remained subdued as investment decisions were delayed due to prevailing geopolitical and macroeconomic uncertainty. Demand for mortgages continued to be strong, in line with the previous quarters
- Unemployment rates remained benign in our core markets, while bankruptcy levels remained stable
- The euro appreciated strongly against the US dollar and other currencies such as the Australian dollar
- General market volatility declined in May and June after elevated levels in the first 4 months of 2025

**Commercial NII:** Commercial NII was €3,917 mln in 2Q2024. In 1Q2025 it was €3,794 mln

- Commercial NII was guided at around €15.4 bln for 2025 and stable in 2Q2025 on a QoQ basis
- In both Retail and Wholesale Banking, part of our customer balances and related commercial NII is denominated in non-euro currencies and exposed to FX developments
- Interest income on our customer deposits is impacted by the development of both short- and long-term interest rates, as ~45% of our retail eurozone deposits are replicated with a remaining maturity up to 1 year and ~55% with a remaining maturity between 1 and 15 years
  - Interest rates with a maturity up to 1 year decreased during 2Q2025
  - Interest rates with a maturity between 1 and 15 years remained above the average of the past 5 years
- Interest expenses on our customer deposits are mainly impacted by repricing of saving and term deposit rates, and migration between products
  - The main core rate reductions implemented across retail eurozone countries (which are expected to lower the deposit costs on on-demand savings by €~1.0 bln in 2025):
    - Netherlands: -25 bps effective 18 April 2025
    - Germany: -25 bps effective 7 January 2025 and another -25 bps effective 7 May 2025
    - Belgium: -50 bps effective 7 January 2025, -5 bps or -25 bps depending on the product effective 1 March 2025
    - Spain: -50 bps effective 1 March 2025
    - Italy: -50 bps effective 22 February 2025

- In Germany, a 'fresh money' campaign for existing customers was launched in February, resulting in an inflow of over €15 bln. The initial negative carry, resulting from the campaign rate of 300 bps up to 4 months, is effective from 1 March till 30 June 2025
- The average liability margin was 101 bps during 1Q2025. The guidance for average liability margin is ~100 bps in 2025 and may temporarily drop below 100 bps depending on interest rate developments and timing of further repricing actions. The guidance for liability margin in 2026 and 2027 is between 100-110 bps
- The average lending margin was 130 bps during 2024 and has been guided at similar levels in 2025-2027. The average lending margin during 1Q2025 was 125 bps, with the decline caused by a continued mix shift towards lower margin but high ROE mortgages and by day count impact

**Net fee and commission income:** 2Q2024 fee income was €999 mln. In 1Q2025 it was €1,094 mln

- In Retail Banking, fee income is mainly driven by daily banking and investment products
  - Fee income from investment products is partly driven by trading activity, which was positively impacted in 1Q2025 by increased market volatility
- In Wholesale Banking, fee income is mainly driven by lending activity

**All other income:** 2Q2024 All other income was €800 mln. In 1Q2025 it was €749 mln

- Financial Markets business is driven by client activity, which was positively impacted in 1Q2025 by volatile markets
- Treasury income consists mainly of FX ratio hedging and liquidity-related activities
- 1Q2025 results included an interim dividend from Bank of Beijing of €39 mln
- On 3 June, Van Lanschot Kempen distributed a cash dividend of €2.75 per ordinary share, totalling €12 mln for our current 9.9% stake

**Expenses excluding regulatory costs** were €2,760 mln in 2Q2024 and €2,839 mln in 1Q2025

- 2Q2024 included €41 mln of incidental items and 1Q2025 included €4 mln
- Alongside other continued incremental restructuring initiatives, we announced a rebalancing of the workforce in Wholesale Banking leading to 230 redundancies. Provisions related to the rebalancing initiative are expected to be €80-€90 mln in 2Q2025
- A 5.25% salary increase in the Netherlands, which is part of the collective labour agreement, will take effect as of July 2025

**Regulatory costs** were €88 mln in 2Q2024 and €361 mln in 1Q2025

- Regulatory expenses were guided at €~940 mln for 2025, assuming no regulatory changes
- Regulatory costs are seasonally high in the first quarter due to the annual contribution to the Belgian Deposit Guarantee Scheme and the annual Belgian bank tax

**Risk costs** were €300 mln in 2Q2024 and €313 mln in 1Q2025

- On asset quality, as a result of a proven risk management framework, we have a strong track record with a well-diversified loan book and a low Stage 3 ratio
- Our historical through-the-cycle cost of risk is ~20 bps

#### Tax

- We have guided the effective tax rate to be between 28-30%

**CET1 ratio** of the Group was 13.6% at the end of 1Q2025

- The €2.0 bln share buyback, as announced in May, is fully deducted from shareholders equity and CET1 capital in 2Q2025, with a pro forma impact of -59 bps on the CET1 ratio. The programme is expected to end no later than 27 October 2025
- We will steer our CET1 ratio towards 12.8-13.0% by the end of 2025 taking into account the prevailing geopolitical and macroeconomic uncertainty. Our CET1 target of ~12.5% remains unchanged and we will update the market on our distribution plans with our 3Q2025 results presentation

- Periodical methodology changes and strategies taken regarding IRB model landscape will continue to have a positive or negative effect on CRWA
- We continue to reserve 50% of resilient net profit for future distribution as per our policy. This will be held outside of CET1 capital

**Corporate Line**

- The Corporate Line represents certain P&L elements not allocated to the business lines

Please note that ING Investor Relations will be in closed period as of 8 July 2025 close of business