3Q2024 Comparative Quarters Note

ING Investor Relations

8 October 2024

General market developments

- The ECB effectuated its second policy rate cut of 25 bps as of 18 September 2024
- In our Retail markets, mortgage demand has shown recovery during the first half of 2024
- For Wholesale Banking, loan demand has shown gradual recovery during the first half of 2024
- Unemployment rates remained benign in our core markets, while bankruptcy levels have normalised after the Covid-19 pandemic and related response measures

Net Interest Income: 3Q2023 NII was €4,028 mln. In 2Q2024 it was €3,830 mln

- Interest income on our customer deposits is impacted by the development of both short- and long-term interest rates, as ~50% of our retail eurozone deposits are replicated with a remaining maturity up to 1 year and ~50% with a remaining maturity between 1 and 15 years
  - Interest rates with a maturity up to 1 year further decreased during 3Q2024
  - Average eurozone swap rates with a maturity between 1 and 15 years decreased during 3Q2024, however remained above the average of the past 5 years
- Interest expenses on our customer deposits are mainly impacted by core savings rates and migration between products
  - Core savings rates in Retail Banking remained unchanged during 3Q2024
  - In Germany, the 'fresh money' campaign for existing customers which was launched in February, has expired by the end of August
  - In Belgium, in relation to the maturity of the Belgian state bond, a promotional fixed term deposit with an interest rate of 3.8% was launched for 'fresh money' with 6 month and 12 month tenors. Outflows linked to the issuance of the Belgian state bond in 3Q2023 amounted to ~€2.5 bln
  - As signalled with our 2Q2024 results, migration from current accounts to savings accounts has eased
- Deposit growth in 2Q2024 was partially driven by the payment of holiday allowances in the Netherlands, Belgium and Spain, which is typically partially spent during the holiday period
- Net interest income in 2Q2024 included a one-off income of €70 mln in Wholesale Banking and a €-39 mln impact from the Polish mortgage moratorium. Furthermore, net interest income in 2Q2024 included a €+46 mln QoQ increase in "other NII", driven by Group Treasury which can be volatile
- The accounting asymmetry impact on net interest income in Treasury and Financial Markets is among others linked to the interest rate differential between eurozone and foreign currencies (e.g. USD). The accounting asymmetry impact on NII in previous quarters was:

- Treasury: €-249 mln in 3Q2023 and €-215 mln in 2Q2024
- Financial Markets: €-61 mln in 3Q2023 and €-209 mln in 2Q2024

Net fee and commission income: 3Q2023 fee income was €909 mln. In 2Q2024 it was €999 mln

- In Retail Banking, fee income is mainly driven by daily banking and investment products. In the Netherlands, we announced an increase in monthly daily banking fees of €0.25 per account, which will be effective as from 1 January 2025
- In Wholesale Banking, fee income is mainly driven by lending activity

Investment income: 3Q2023 investment income was €103 mln. It was €16 mln in 2Q2024

- 3Q2023 investment income included €98 mln annual dividend from our stake in the Bank of Beijing. In July 2024, a dividend per share of CN¥0.32 was paid, resulting in ~€100 mln of annual dividend from our stake in the Bank of Beijing

Other income was €802 mln in 3Q2023 and €871 mln in 2Q2024

- 3Q2023 included €405 mln of other income in Financial Markets and 2Q2024 included €514 mln (more than offsetting the aforementioned accounting asymmetry impact on NII)
- The positive impact from accounting asymmetry on other income in Treasury was €273 mln in 3Q2023 and €233 mln in 2Q2024
- The application of IAS 29 to reflect hyperinflation accounting in Türkiye had an impact on other income of €-106 mln in 3Q2023 and €-36 mln in 2Q2024. Continued impact from IAS 29 may be expected as it pertains to the development of Turkish CPI. As a reminder, IAS 29 has no meaningful effect on CET1

Expenses excluding regulatory costs were €2,684 mln in 3Q2023 and €2,760 mln in 2Q2024

- 3Q2023 included €122 mln of incidental items and 2Q2024 included €41 mln
- In the Netherlands, a collective salary increase of 3% has been awarded to all employees as from 1 July 2024

Regulatory costs were €109 mln in 3Q2023 and €88 mln in 2Q2024

- Regulatory expenses are expected to be ~€100 mln lower in 2024 compared to 2023, mainly as a result of the initial completion of the eurozone SRF which is partly offset by additional annual bank taxes

Risk costs

- 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

Tax

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

CET1 ratio of the Group was 14.0% at the end of 2Q2024

- The €2.5 bln share buyback, which was announced in May, is expected to end no later than 29 October 2024
- We intend to converge the CET1 ratio to our target level of ~12.5% by the end of 2025 and we will update the market on our distribution plans with our 3Q2024 results presentation
- The impact from the implementation of Basel IV on our CET1 ratio is expected to be ~20 bps in 2025, among others related to ORWA
- In 2Q2024, we signalled that CRWA temporarily increased by €6.5 bln from quarterly model updates, of which the majority will be reversed by year-end, and with no implications for capital outlook
- 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 units (including the Asian stakes)

Please note that ING Investor Relations will be in closed period as of 9 October 2024 close of business