



do your thing

Investor Presentation 2026

April 2026

ING Germany / ING-DiBa AG



Key points

ING Germany

Developing towards a **leading universal bank** in Germany

Managing costs to deliver **best in class** profitability

Total underlying **income** of ING Germany of **€3,750 mln** and a **profit before tax** of **€1,886 mln** in 2025

Comfortable capital position with a **Common Equity Tier 1 (CET1) ratio of 12.8%** at YE 2025

Pfandbrief

Moody's has assigned an **Aaa Rating** for the Mortgage Pfandbrief

Cover Pool consisting of **100% German residential mortgages**

Regular issuances planned for the coming years, to further diversify the bank's liabilities



Agenda

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ING Germany Results 2025	10
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Business Profile and Strategy

Our Business Model

Private Individuals

- Focus on digital products for self-sufficient private customers
- Comprehensive product offering addressing customers' daily banking, lending, savings and investment needs
- Maintain cost efficiency to deliver attractive conditions and value to customers



Business Banking

- Focus on digital products for Self-Employed and Small and Medium-sized enterprises in Germany
- Current account: easy and attractive conditions
- Complementary savings and lending offer

Wholesale Banking

- Focus on banking services for large internationally operating business clients
- Global expertise in more than 7 sectors
- Embedded in a strong global ING network spanning 40+ countries
- Nationwide presence in Germany with regional offices in Hamburg, Munich, Stuttgart & Düsseldorf

Best Foreign Bank & Rising Star of the Year

FINANCE

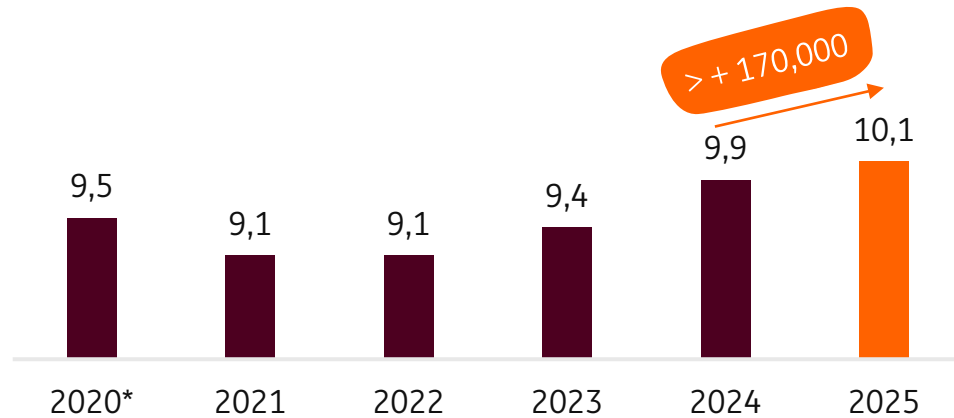
Best Bank for Sustainable Finance
2023 - 2025



The bank's strategy delivers on commercial growth in 2025

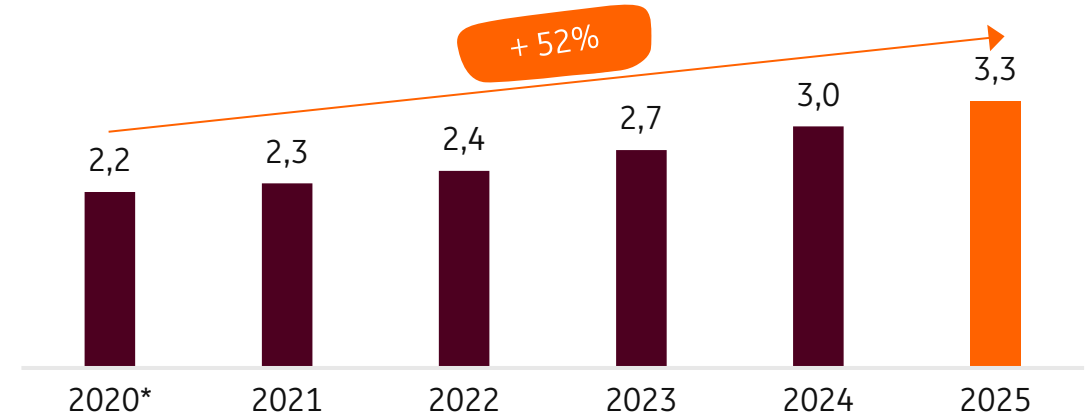
ING Germany serves 10.1 million retail customers

(in mln)



Primary customers growth rises to 3.3 million

(in mln)



Core lending €145.8 bln**

2025 net growth



€ **+6.0** bln

Customer deposits €159.4 bln**

2025 net growth



€ **+6.8** bln

Employees

2025 average



6,018

Changes compared to 2024 results (IFRS)

*) Including Austrian customers

***) Including Wholesale Banking

ING Private Individuals

Continuing the ING success story

ING Germany has a **strong starting point**

- Leading direct bank in the German market
- Serving more than 10 million clients, thereof more than 3.3m mobile primary clients¹
- Voted “Most popular bank” for the 19th consecutive year

And **clear priorities** to continue the trajectory

- Further develop the product offering in line with client needs
- Intensify client relationships
- Target new client segments

Offering



Daily
Banking



Savings



Brokerage



Consumer
Finance



Mortgages



Insurance



¹ Mobile primary clients: Primary bank clients who regularly use the app

ING Business Banking Germany

Growing Business Banking at ING

- **Digital Current Account:** immediately available, providing seamless **payment management** and **additional services** (e.g. accounting). Tailored to meet our customers' needs and continuously evolving, we aim to support our customers in accelerating their business growth.
- **Business Extra-Konto** launched, as free, flexible and digital day-to-day savings product for business **clients**
- **Digital Lending** with new specialized offer for our clients: **fast and completely digital loan application** for up to €250k (with immediate decision for up to €100k)
- **Next milestone:** focus **on expanding and growing** our business and customer base

Offering



Current Account



Savings Account



Instant and Fast Track
Lending



WB Germany — At a Glance

ING Wholesale Banking in Germany*

- EUR 31.8bln of loans and a strong local presence across Germany
- EUR 298mln local profit before tax in 2025
- Four regional offices in **Düsseldorf, Hamburg, Munich and Stuttgart** ensure proximity to clients and local delivery in Germany's key commercial regions
- **Headquartered in Frankfurt**, combining deep sector and product expertise with global capabilities
- Recognized **pioneer in Sustainable Finance**, supporting our clients' transition journeys



Sectors



Commodities
Food & Agri



Telecom, Media
& Healthcare



Financial
Institutions



Corporate Sector
Coverage



Real Estate
Finance



Energy



Transportation
& Logistics

Products



Lending



Financial
Markets



Capital Markets
& Advisory



Transaction
Services



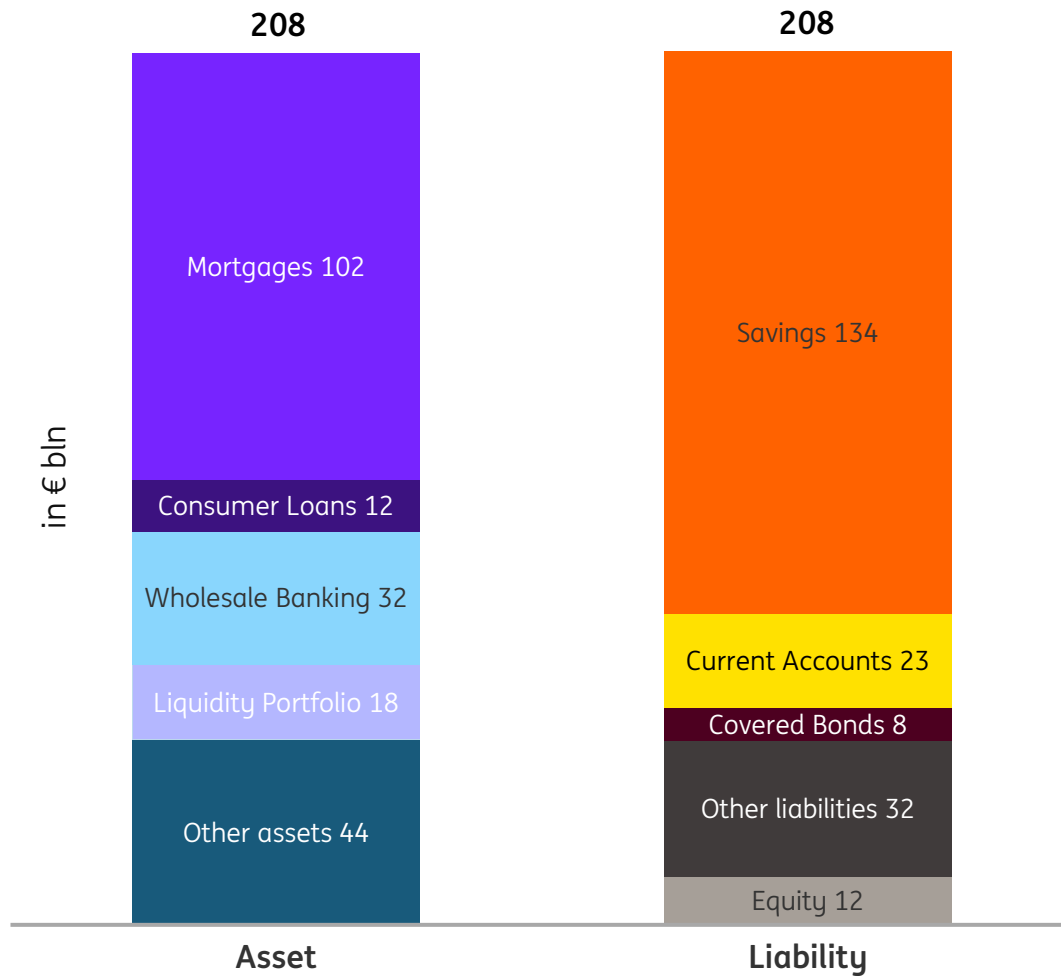
ING Germany Results 2025

Developments in 2025

1	Clients	# in mln	10.1	2%	↗
2	Primary clients	# in mln	3.3	11%	↑
3	Current Accounts	# in mln	4.1	6%	↗
4	Savings and current accounts	Balance in € bln	159.4	4%	↗
5	Brokerage	# of transactions in mln	55.3	28%	↑
6	Mortgages	Balance in € bln	101.5	5%	↗
7	Consumer Loans	Balance in € bln	12.2	11%	↑
8	Wholesale Banking	Loans in € bln	31.8	-1%	↘
9	Interhyp brokered volume	In € bln	26.4	18%	↑

Changes compared to 2024 results (IFRS)

ING Germany balance sheet: strong and conservative



Balance sheet ING Germany as of 31 Dec 2025

- Total assets : €208 bln

Attractive funding profile

- Large, increasing customer deposit volume
- Frequent covered bond issuances

Objectives

- Diversification of funding sources
- Ability to grow client assets independently of client liabilities
- Maintain liquidity ratios at comfortable levels

Liquidity Buffer

- High quality liquidity buffer

ING Germany - Income statement (IFRS)

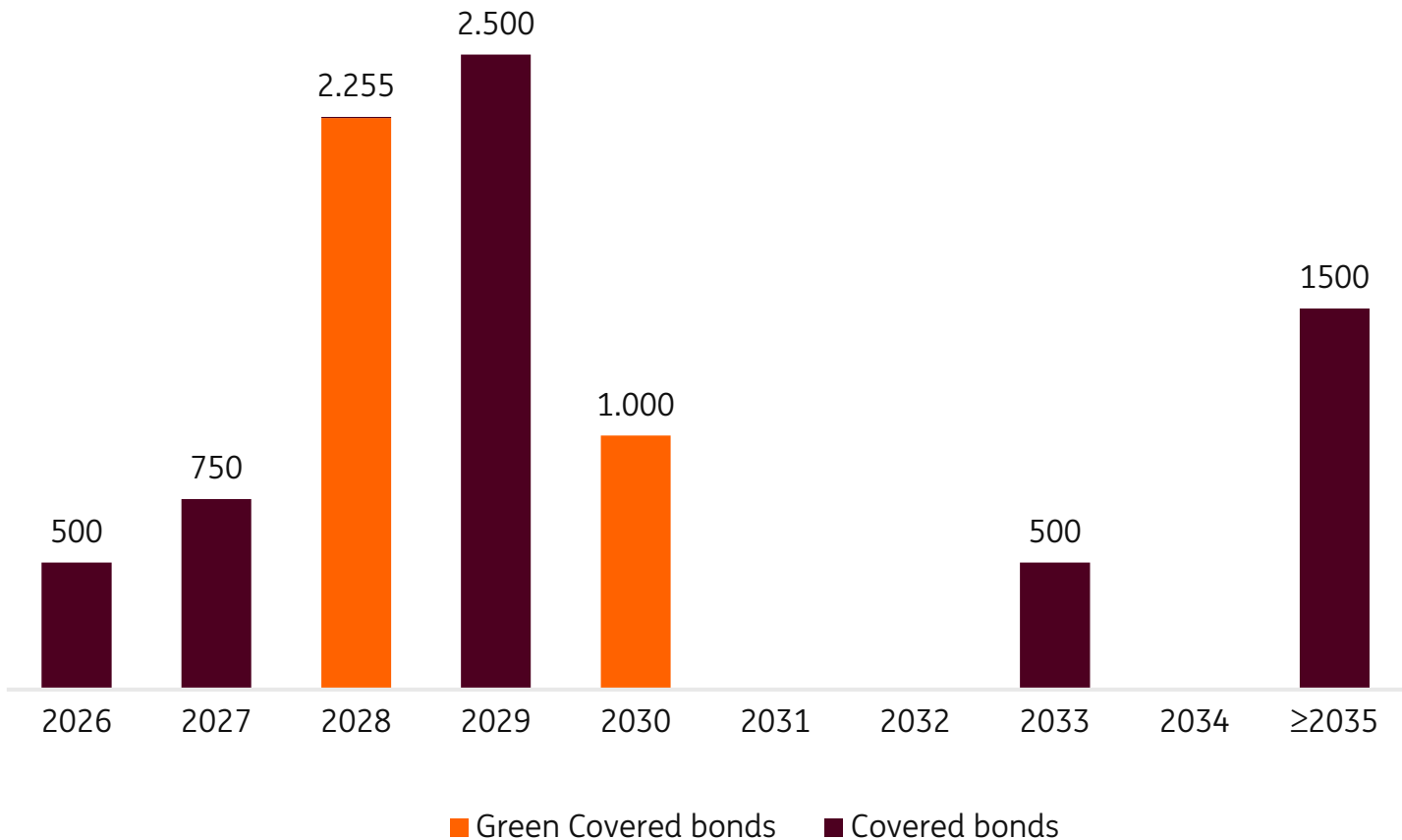
in € mln	2025	2024	Δ	Δ in %
Net interest income	3,151	3,555	(404)	-11
Net commission income	715	504	211	42
Other income	(116)	(195)	79	-41
Personnel expenses	(837)	(758)	(79)	10
Other administrative expenses	(768)	(765)	(3)	0
Risk costs	(259)	(222)	(37)	17
Profit before tax	1,886	2,119	(232)	-11
Income tax	(588)	(686)	98	-14
Profit after tax	1,299	1,433	(134)	-9
Cost-income-ratio	42.8%	39.4%	3,4%	-
Return-on-Equity	13.5%	15.2%	-1.7%	-
CET1 ratio ¹	12.8%	14.7%	-1.9%	-

¹ Prior-year figure as determined, adjusted where applicable.

Covered Bond Programme

Long-term debt maturity profile and issuance activity

Long-term debt maturity ladder (in € mln)



Issuance activity

- €750 mln Issuance in Feb 2026 with tenor of 10 years
- ING-DiBa AG's Covered Bonds maturing in 2026 amounted to €500 mln

Outstanding Issuances

- Next benchmark maturity of €500 million due in 2026
- Total external outstanding issuance volume of €9.005 bln as of March 2026
- Thereof €3.25 bln Green Pfandbriefe

ING-DiBa AG's Residential Mortgage Pfandbrief Programme

ING-DiBa AG's €20 bln Residential Mortgage Pfandbrief Programme

- Aaa rated by Moody's
- Cover pool consists of **100% prime German residential** mortgage loans in Euro only. As per 31st Dec 2025, no arrears > 90 days in the cover pool
- Strong German legislation including the LTV cut-off rate of 60% as well as the latest amendments to the Pfandbrief Act with regards to the mandatory overcollateralization (OC)

Latest investor reports are available on www.ing.de/ueber-uns/unternehmen/investor-relations/

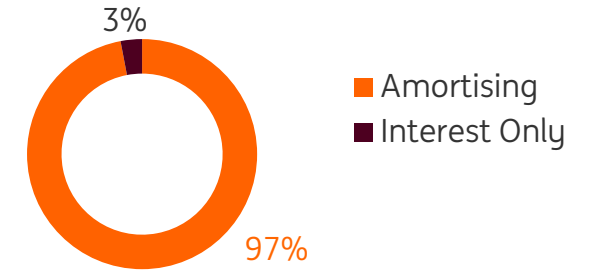
Portfolio characteristics (as per 31st Dec 2025)

Net principal balance	€19,311 mln
Outstanding bonds*	€12,255 mln
# of loans	140,217
Avg. principal balance (per borrower)	€129,018
WA current interest rate	1.70%
WA remaining term	36.17 years
WA seasoning	5.5 years
WA current indexed LTV	n/a**
Min. documented OC	2%
Nominal OC	52.6%

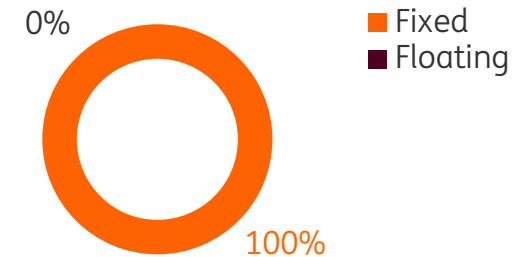
* incl. 4.0bln retained Covered Bonds

** WA unindexed LTV: 86.3% (original LTV, based on the mortgage lending value at origination)

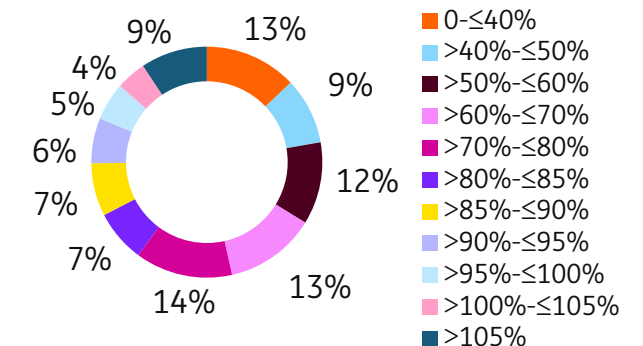
Repayment type



Interest rate type



Current Unindexed LTVs



Strong rating profile of ING-DiBa AG

Issuer credit ING-DiBa AG – Credit Opinion 6th December 2024

ING-DiBa AG	Moody's
Issuer LT rating	A2
Outlook	Stable
Bank Deposits ST rating	P-1

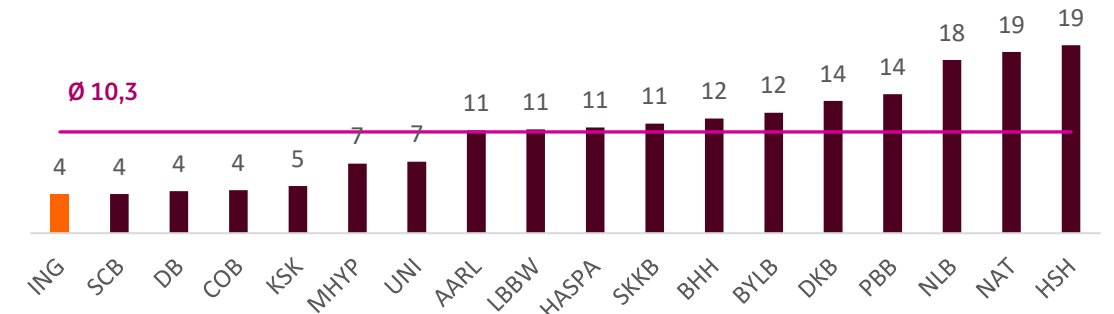
Key Driver

- Strong Asset Quality and Profitability
- Sound Capitalisation
- Stable Funding Profile with Limited Market Reliance

Mortgage Covered Bonds – Performance Overview 31st Dec 2025

ING-DiBa AG	Moody's
Rating	Aaa
Collateral Score	4.0%
Collateral Score excl. systemic risk	3.6%
Minimum OC consistent with a Aaa rating	0.0%
Current OC (unstressed NPV)	52.6%
TPI Leeway/TPI	5/high

Mortgage Pfandbrief Collateral Score 2025 Q2 in %



Source: Moody's Covered Bonds – Global, Sector Update – Q4 2025

Main programme characteristics



- Product type: annuity loan
- Fixed interest only
- Principal repayment: 1-10% p.a.
- Prepayment: up to 5% p.a. of principal
- Performing loans*
- Tenor up to 30 years



- Aaa rated by Moody's



- The energy certificate is an integral part of our minimum document list
- It is requested for all objects and types of financing



- Strong German legislation
- Strong independent oversight from the cover pool monitor with a continuous strong oversight from the regulator
- Relatively low loan-to-value (LTV) threshold of 60%



- First line residential mortgage loans
- German property
- Private individuals



Issuer undertaking:

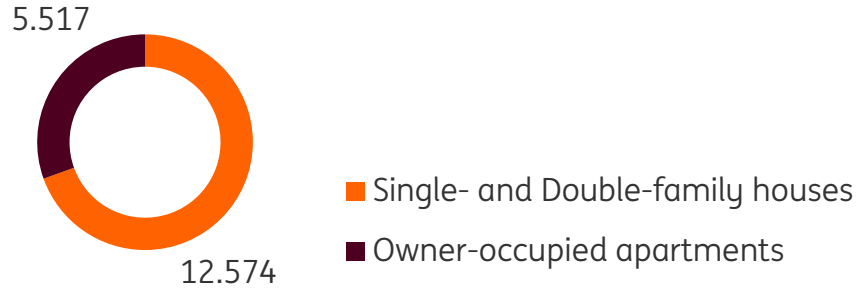
- Includes liquid bonds
- Provides quarterly investor reporting on <https://www.ing.de/ueber-uns/unternehmen/investor-relations/>

* Non-performing loans will directly be excluded from the cover pool

Key cover pool characteristics

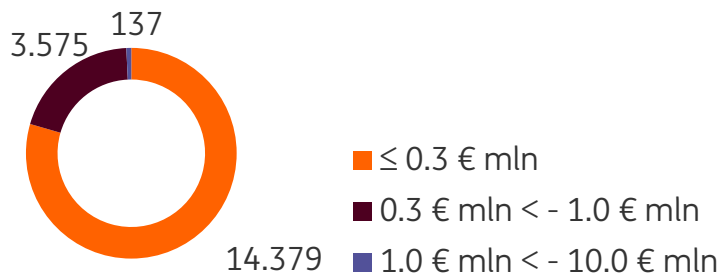
Residential property type profile (in € mln)

31st Dec 2025



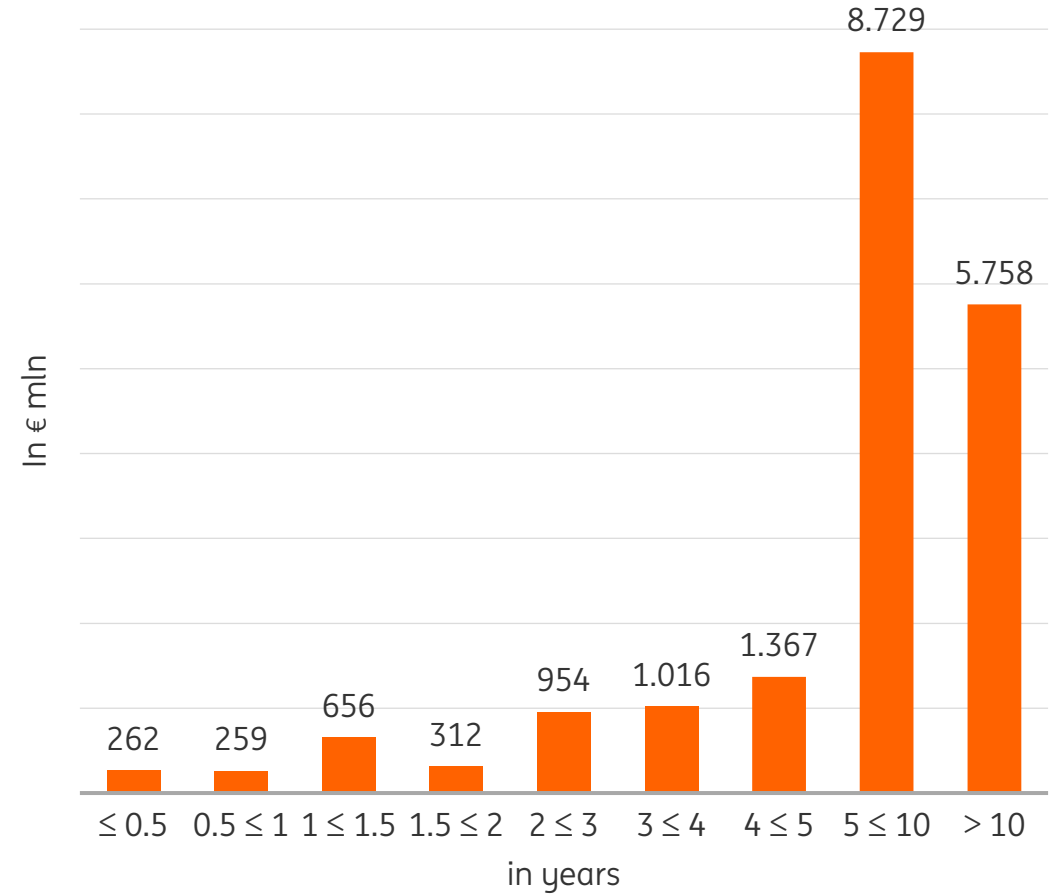
Residential mortgages balances profile

31st Dec 2025



Maturity profile

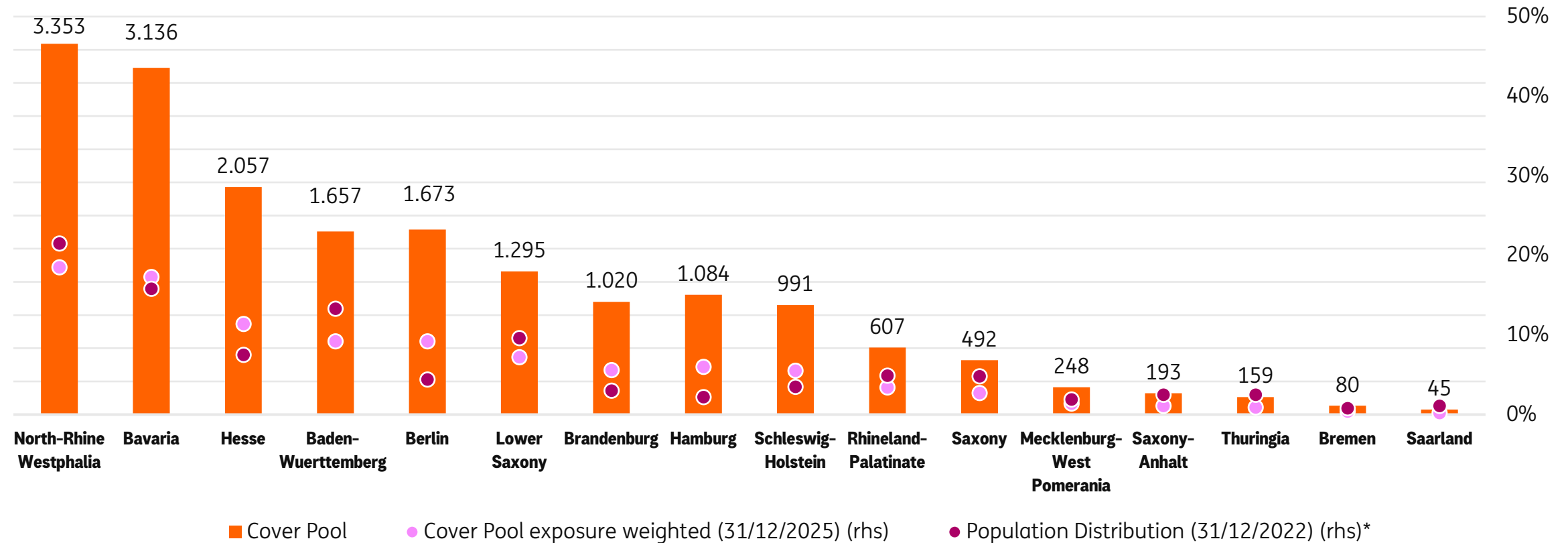
31st Dec 2025



Key cover pool characteristics

Provinces profile (in € mln)

31st Dec 2025



Product requirement: No financing of collaterals outside of Germany

* Source: Statistische Ämter des Bundes und der Länder (www.statistikportal.de/de)

Green Bond Framework

ING is dedicated to its Green Funding Programme

Green Funding instruments objectives and added value

- Support meeting our sustainability objectives
- Fund growth in our Eligible Green Loan portfolio
- Continued leadership in the Green Bond market
- Support sustainability efforts on both sides of the balance sheet
- Financing of new projects and directing investments to assets that have demonstrated climate benefits

External consultants & providers

ISS-CORPORATE 

- Second party Opinion provider


CARBON
TRUST

- Renewable energy consultant

 **CFP** GREEN BUILDINGS **DREES & SOMMER**

- Green buildings consultant

Recent Green Funding transactions

Year of Issuance	2022	2022	2022	2023	2023	2023	2024	2024	2024	2025
Issuer	ING Groep N.V.	ING Groep N.V.	ING-DiBa AG	Green Lion 2023-1	ING-DiBa AG	ING Bank N.V.	ING Groep N.V.	Green Lion 2024-1	ING Groep N.V.	ING Groep N.V.
Size / Currency	€1.50 bln	€1.00 bln	€1.00 bln	€850 mln	€1.00 bln	€378 mln ¹⁾	€1.25 bln	€1.00 bln	€1.00 bln	€1.25 bln
Tenor	4NC3	11NC6	8yr	4.9yr ²⁾	4.25yr	1 up to 6 months	11NC10	4.8yr ²⁾	7NC8	11NC6
Asset class	HoldCo Senior	Tier 2	Covered Bond	RMBS	Covered Bond	Green Deposit	Holdco Senior	RMBS	Holdco Senior	Tier 2

¹⁾Outstanding debt per 1Q2025

²⁾Until the first optional redemption date

For the above specified instruments, a prospectus is available. For more information and the prospectus, please visit [Debt securities ING Groep N.V. | ING](#)

External Verification

SPO Opinion on the ING Global Green Funding Framework

- ISS has a positive overall evaluation for the sustainability criteria in ING's Green Funding Framework's
- ING's Green Funding Framework is in line with the ICMA Green Bond Principles
- Use of Proceeds contribute to UN Sustainable Development Goals 7 and 13¹⁾
- The rationale for issuing Green Funding instruments aligns with ING's sustainability strategy and objectives



External Assurance Report

ING may request on an annual basis, a limited assurance report of the allocation of the Green Funding Instruments proceeds to eligible assets, to be provided by its external auditor or any subsequent external auditor.



¹⁾The impact of the UoP categories on U.N. Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Framework

ING Global Green Funding Framework 2024

Our ING Global Green Funding Framework has been assessed by a Second Party Opinion (SPO) and is aligned with the latest ICMA Green Bond Principles 2021. The framework is presented through below four pillars:

1 Use of Proceeds

- ING will finance and/or refinance, in part or in whole, an Eligible Green Loan Portfolio in accordance with the Eligibility Criteria stated in the Framework
- Net proceeds will be allocated to Eligible Green Loan Portfolio, including:



Residential
Real Estate

Netherlands, Germany,
Poland, Belgium



Commercial
Real Estate

Netherlands



Renewable Energy
(wind & solar)

Global

2 Project Evaluation and Selection

- Projects financed and/or refinanced through Green proceeds are evaluated and selected based on compliance with the Eligibility Criteria
- Sustainable ALM Steering Committee (SteerCo) as the main governing body of the Framework
- ING's Environmental & Social Risk policies and transaction approval process aims to ensure that loans comply with ING's [environmental and social policies](#)
- EU Taxonomy alignment has been assessed in the SPO

3 Management of Proceeds

- The proceeds are managed in a portfolio approach, where relevant, bond-by-bond approach is also applied (e.g., Green RMBS)
- Level of allocation matches or exceeds the balance of net proceeds. The proceeds from Green Funding Instruments are allocated to an Eligible Green Loan Portfolio
- Unallocated net proceeds will be held in ING's treasury liquidity portfolio at ING's own discretion

4 Reporting

- Aggregated (between multiple Green Funding Instruments)
- Allocation and impact are reported. Additional reported items can be found in the ING Global Green Funding Framework
- Limited assurance of the Green Funding Allocation Reporting provided by an external auditor on an annual basis
- Second party opinion by ISS Corporate Solutions (ICS)



Use of Proceeds – Eligibility Criteria

Green Buildings

Residential & Commercial Real Estate

Category: Financing or refinancing new or existing buildings

EU Taxonomy

- (7.7.) Acquisition and ownership of buildings

Contribution to EU Environmental Objective¹

- Substantial Contribution to Climate Change Mitigation

Criteria

Buildings built ≤ 2021

- Buildings built before 31 December 2020 with EPC label ≥ 'A'
- Belonging to the top 15% of the national building stock based on primary energy demand (PED)²

Buildings built ≥ 2021

- Buildings built after 31 December 2020 with energy performance at least 10% better than the threshold for Nearly Zero-Energy Buildings ('NZEB') in the local market²

Contribution to UN SDGs



¹Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending regulation (EU) 2019/2088. [See here.](#)

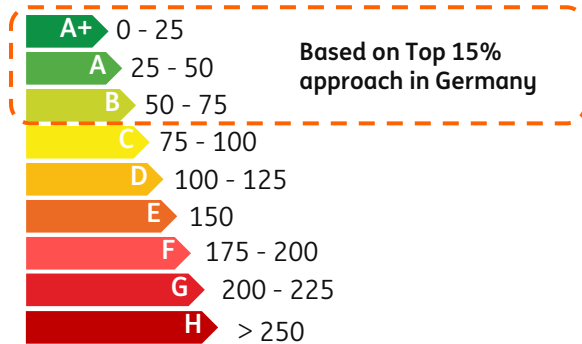
²ING may engage external consultants to define the top 15% and NZEB-10% in the context of the national building stock in the countries where any eligible green building assets are located. In countries where there is no definition of NZEB or there is no practical solution to implement NZEB, ING can use the top 15% approach.

ING-DiBa's allocation and impact report: Green Buildings

Use of Proceeds: Green Buildings



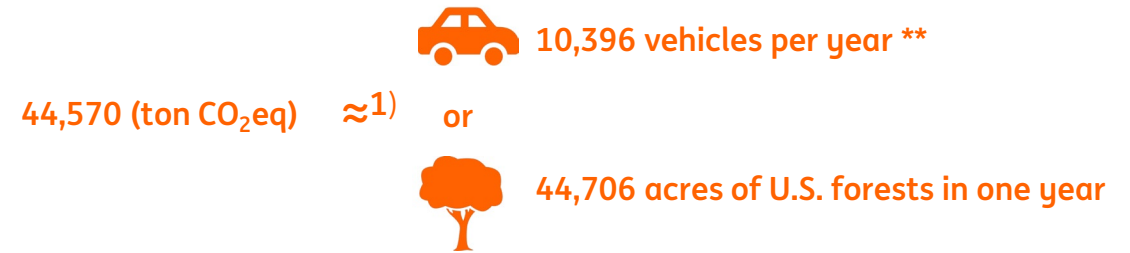
Positioning ING-DiBa's Green Buildings Loan Portfolio in an energy efficiency rating (kWh/m²year)*



DREES & SOMMER

Impact report: Green Buildings

Total portfolio size	€4,714 bln
Avoided / reduced emissions per year	44,570 ton CO ₂
Avoided / reduced emissions per mln € invested by ING	9.45 ton CO ₂ eq/ € mln



Portfolio composition ING-DiBa Green Buildings Loan Portfolio

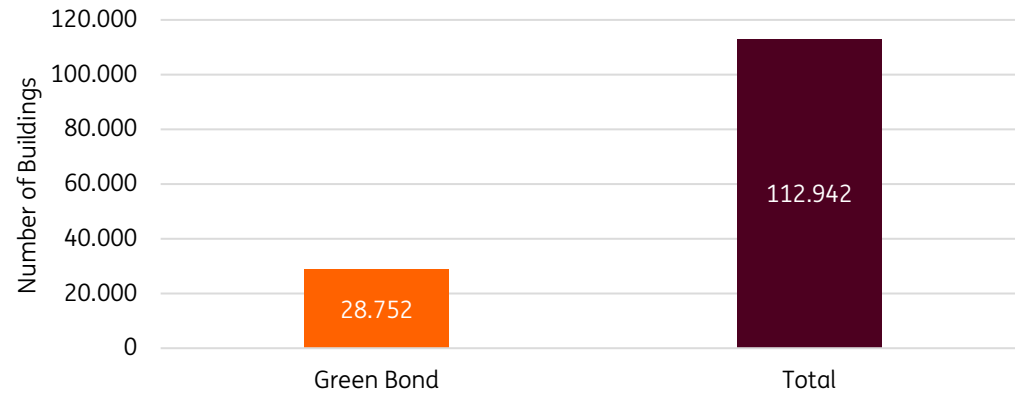
	Signed Amount (€)	% of Total Portfolio	Number of Buildings	Building Area (m ²)	Avg. portfolio Years	Energy savings (MWh/year)	Avoided Emissions (tCO ₂ /year)
Single-family houses	2,572,258,257	54.6	16,239	2,303,365	7.1	121,832	27,083
Double-family houses	8,045,253	1.8	434	89,813	7.3	5,093	1,123
Terraced houses	380,204,126	8.1	2,458	322,115	7.4	17,591	4,012
Owner-occupied apartments	1,02,271,926	23.4	6,391	570,096	6.5	30,127	6,887
Semi-detached houses	573,191,948	12.2	3,230	435,019	7.4	24,484	5,464
Total	4,713,971,510	100	28,752	3,720,408	7.0	199,128	44,570

* Source: Drees & Sommer ING-DiBa AG Green Bond Methodology Report; 1) <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

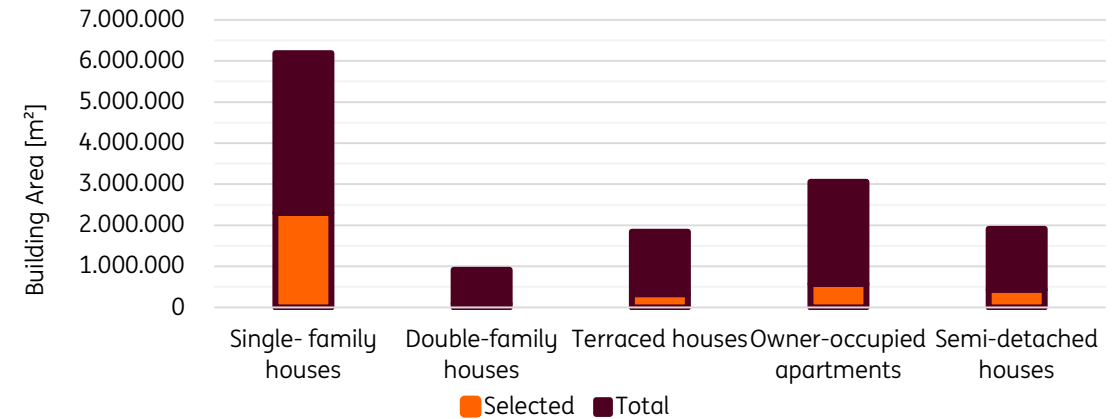
** Calculated in terms of the average combined fuel economy of cars and light trucks

Eligible Green Loans in Pfandbrief cover pool

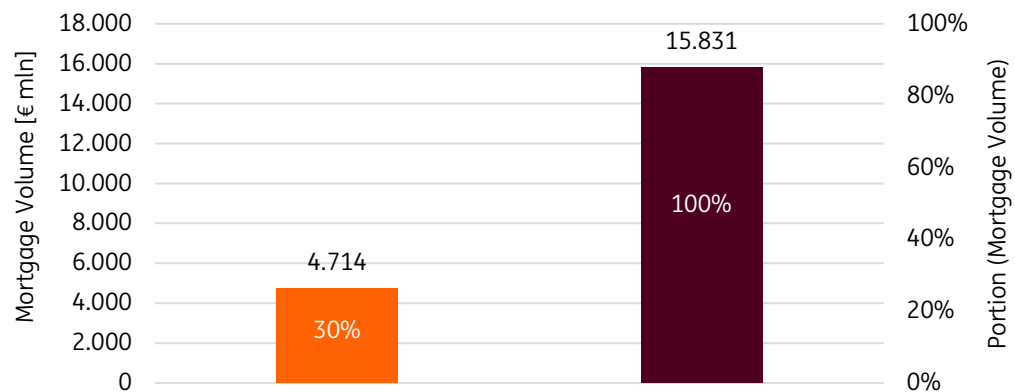
Number of buildings within ING-DiBa's portfolio



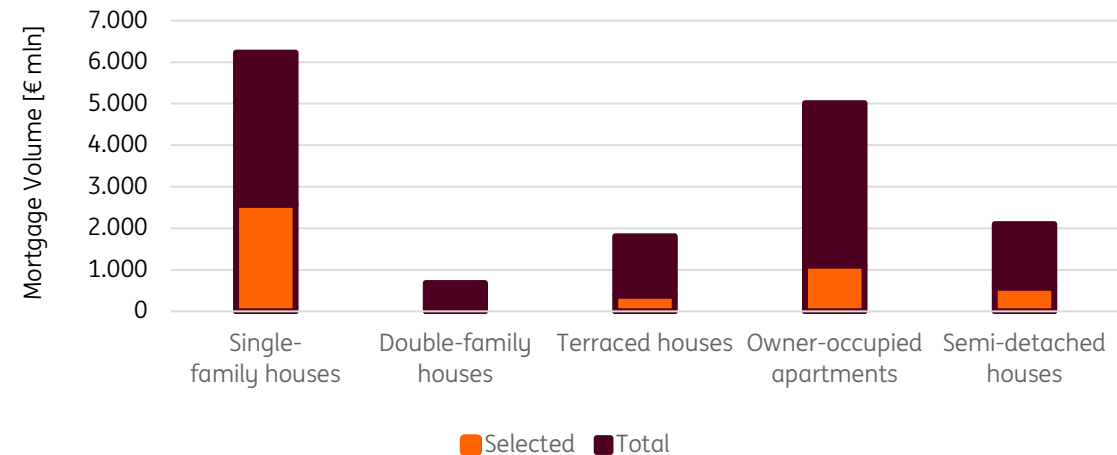
Building area within ING-DiBa's assessed portfolio by usage type



Exposure of ING-DiBa's assessed portfolio

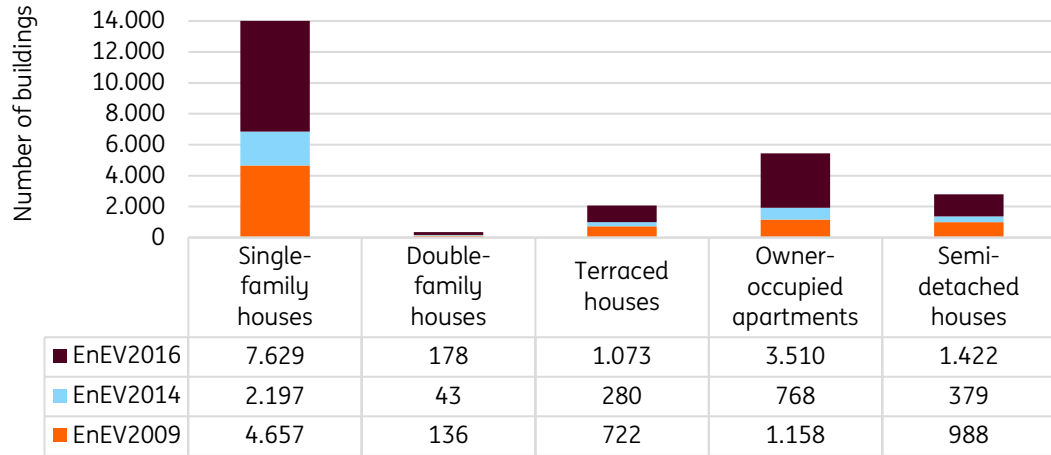


Exposure of ING-DiBa's assessed green bond portfolio

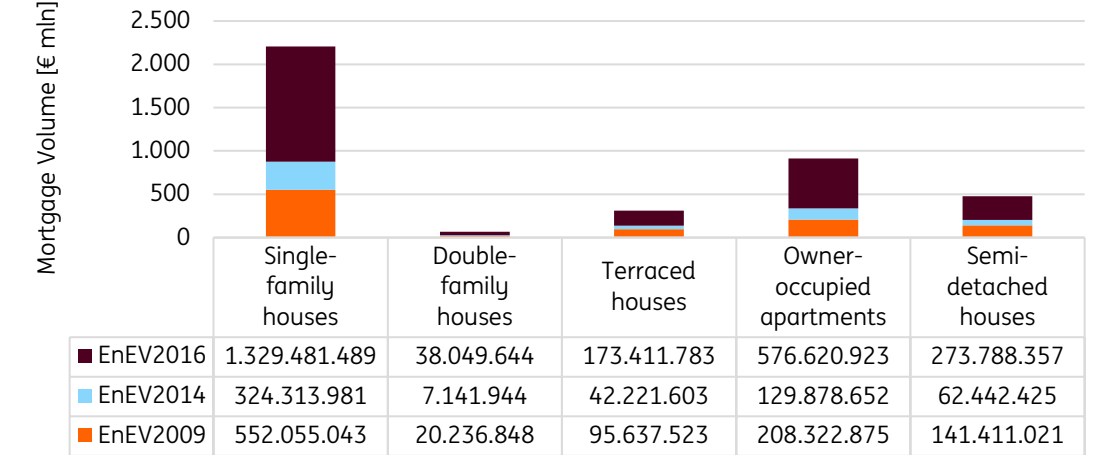


Details on the eligible Green Loan Portfolio

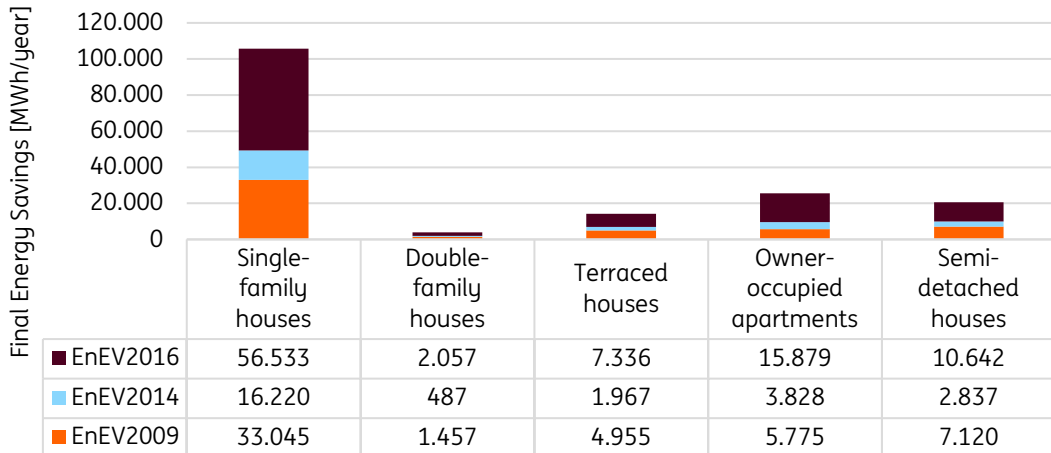
Number of buildings within ING-DiBa's Green Bond Sub pools



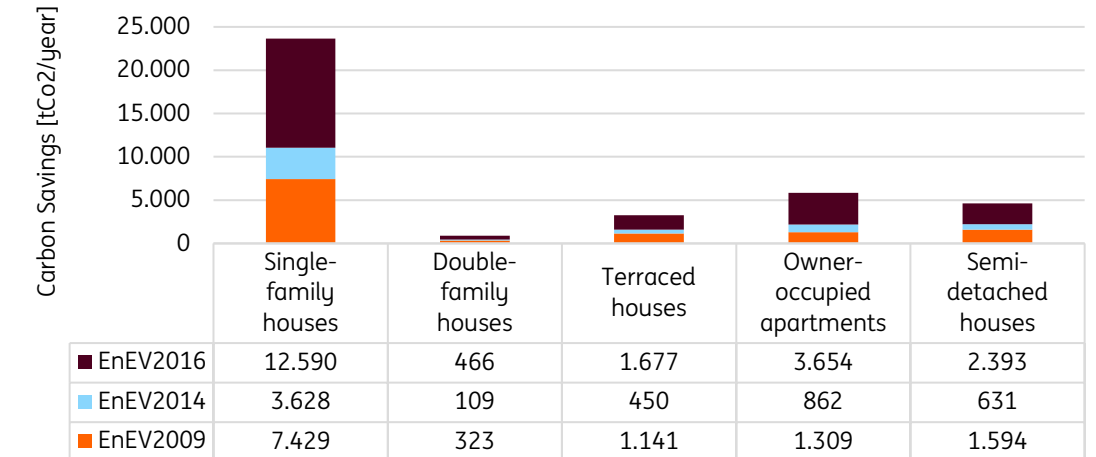
Exposure of building within ING-DiBa's Green Bond Sub pools



Final energy savings of ING-DiBa's Green Bond Sub pools

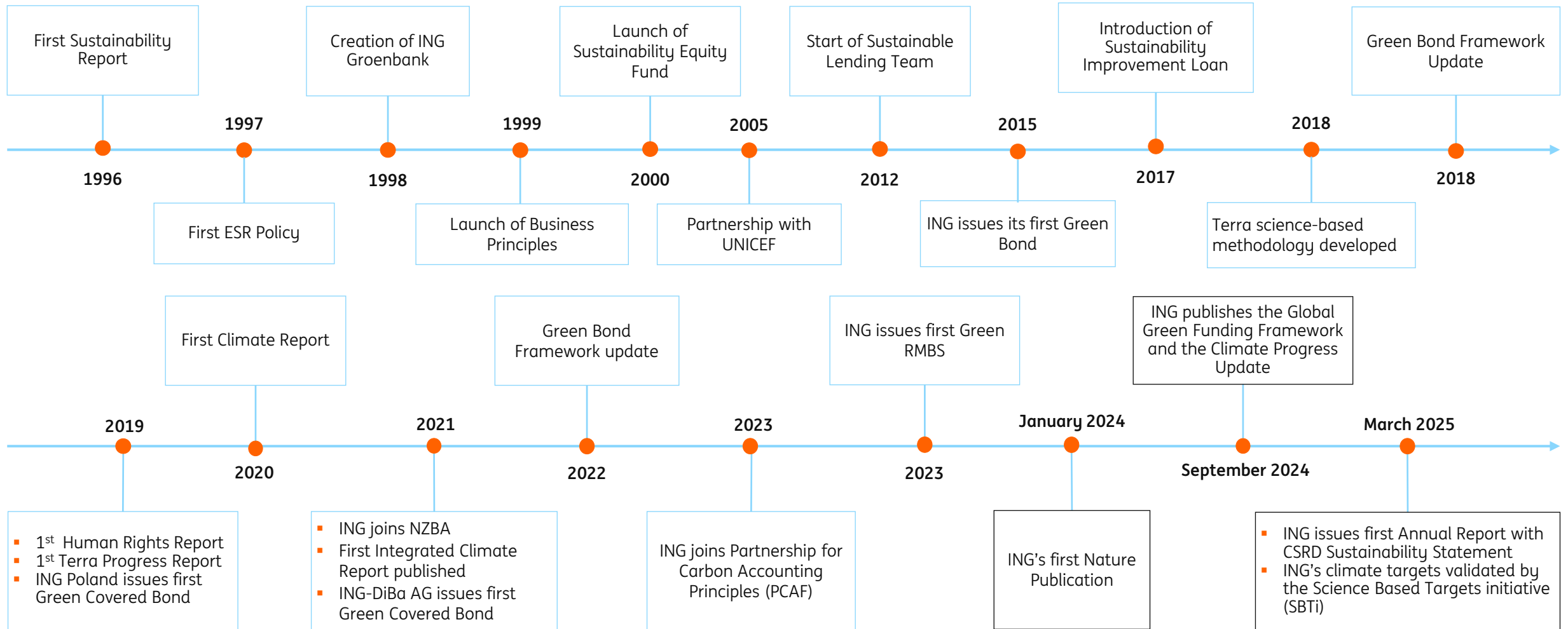


Carbon savings of ING-DiBa's Green Bond Sub pools



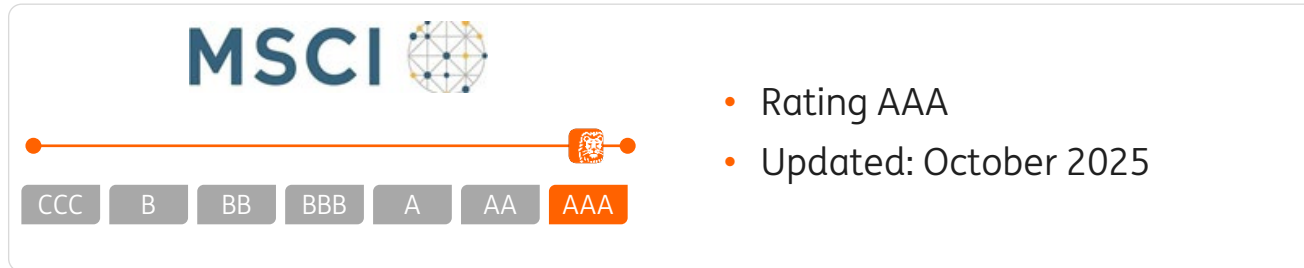
Green Initiatives

We have a strong track record in sustainability



External recognition of our commitment to ESG

ESG ratings¹⁾ ING Groep N.V.



Sustainability Index Products

- ING is regularly included in ESG and sustainability-focused indices, such as:



The Science Based Targets initiative (SBTi)

- SBTi has validated our climate targets to reduce greenhouse gas emissions in our own operations and in our client portfolio. In our client portfolio, the SBTi validated the fossil fuel, power generation, cement, steel, automotive, aviation, and commercial real estate sector targets. (March 2025)



Benchmarking

- ING ranked 2nd in the World Benchmarking Alliance's 2025 Financial System Benchmark, which assesses 400 keystone financial institutions across the entire financial system on their contribution to a just and sustainable economy

Our partnerships, memberships and endorsements

- No one sector, much less one bank, has the ability to solve the world's problems. We believe that an inclusive approach is the only way we can make any meaningful positive impact. From climate to human rights and financial health, we seek to increase our impact through partnerships and coalition-building

ING endorses (is signatory of):

- Children's Rights and Business Principles (CRBP)
- The Core Conventions of the International Labour Organisation (ILO)
- EU Transparency Register
- Financial Stability Board's (FSB) Task Force on Climate-Related Financial Disclosures (TCFD) recommendations
- OECD Guidelines for Multinational Enterprises
- United Nations Environment Programme Finance Initiative Principles for Responsible Banking (UNEP FI PRB)
- United Nations Global Compact (UNGCC)
- United Nations Guiding Principles on Business and Human Rights (UNGP)
- United Nations-supported Principles for Responsible Investment (UN PRI)
- The Universal Declaration of Human Rights (UDHR)

ING is a member of, for example:

- The Academy of Business in Society (ABIS)
- Association for Financial Markets in Europe (AFME)
- Climate Markets and Investment Association (CMIA)
- Equator Principles Association (EP)
- European Banking Federation
- European Energy Efficiency Financing Coalition
- European Financial Services Round Table (EFR)
- EUROSIF (VBDO)
- Institute of International Finance (IIF)
- International Capital Market Association (ICMA)
- International Integrated Reporting Council (IIRC)
- Loan Markets Association (LMA)
- Roundtable on Sustainable Palm Oil (RSPO)
- Thun Group of Banks
- United Nations Environmental Programme Finance Initiative (UNEP FI)
- United Nations-convened Net-Zero Banking Alliance

Accelerating Impact - ING's ecosystem to an integrated modernization journey

Inspire: Empowering Customers

Provide customers with an overview of retrofit options, helping them to understand the current condition of their property, identify suitable measures and subsidy programs.

- **Modernization Hub** to create overview and transparency
- **Proprietary Modernization Calculator** to visualize energy savings, renovation costs, and label improvements

Finance: Incentivizing Green Investments

Green mortgage offer where high quality buildings and retrofitting measures benefit from a discount of 10bps.

- **Green Baufi for buildings** with an Energy Label A+ and A
- **Baufi Energy for buildings** with commitment of customer to perform retrofitting measures

Partner: Building a Renovation Ecosystem

Support customers in planning measures, structuring renovation process and connect with craftsmen & energy consultants

- Established **Partnership network** with energy efficiency and PV/heat pump experts with discounted offering on provided services for ING customers.

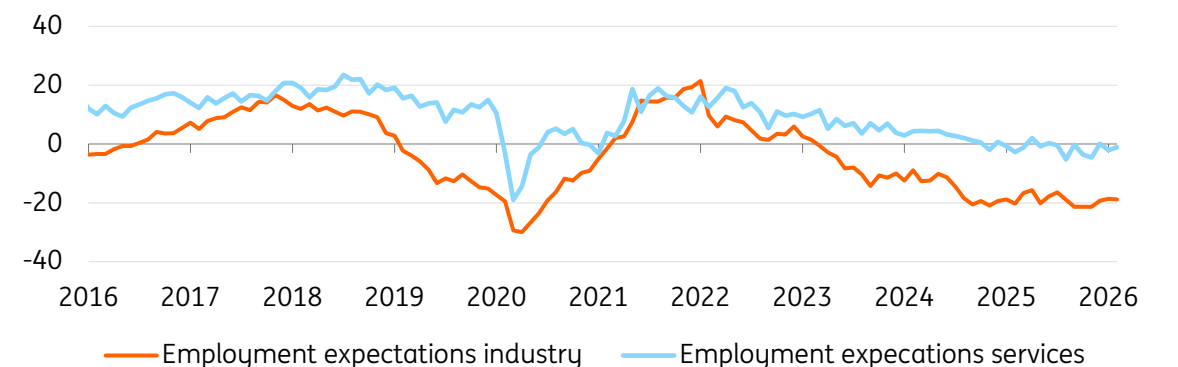
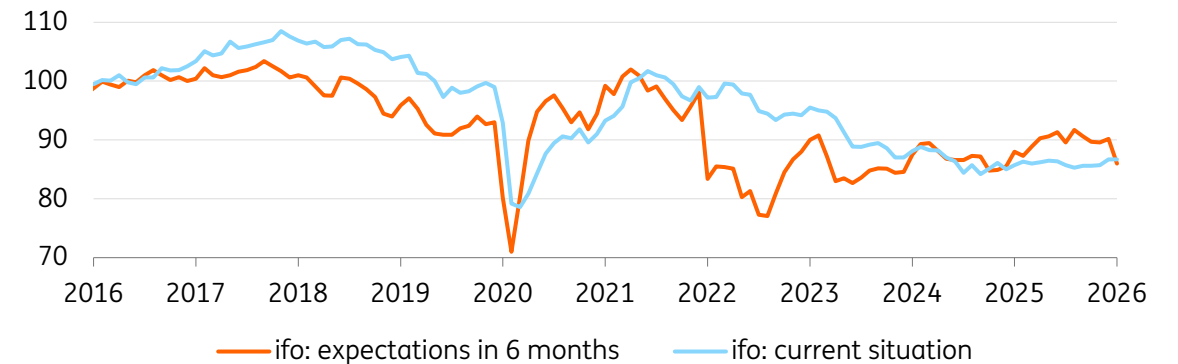
Economic, housing & mortgage markets update

War in the Middle East should delay, not derail, Germany's rebound but risks have clearly shifted to the downside

The war in the Middle East has changed a lot but not everything. The surge in energy prices could dampen any industrial rebound, even if German corporates appear relatively shielded from oil price risks for now. The effects would nonetheless leave broader marks, at least in the short term. A first inflation wave is already in the making, from higher gasoline prices to knock-on effects on transportation and food. And longer-term implications on supply chains can no longer be excluded. That said, it would be premature to drift into outright pessimism. Let's not forget that the fundamental drivers of Germany's economic rebound this year are still there: fiscal stimulus of more than €200bn for defence and infrastructure this year alone remains a strong argument against premature doom-mongering. For now, the war in the Middle East is a risk for Germany's cyclical rebound but not (yet) enough to completely derail it, rather delay it.

Over the last four years, German unemployment has increased by some 500,000 and stood at around 3 million lately. This gradual worsening reflects textbook economics; with the economy effectively stagnating for more than five years and industry facing severe structural challenges, a deterioration in the labour market was inevitable.

Looking ahead, the number of vacancies has come down further and even if employment plans in both manufacturing and services have started to rebound, we see the gradual worsening of the labour market continuing throughout the year. However, if we are right and the cyclical recovery of the German economy continues later in the year, the labour market should stabilise towards the end of the year.

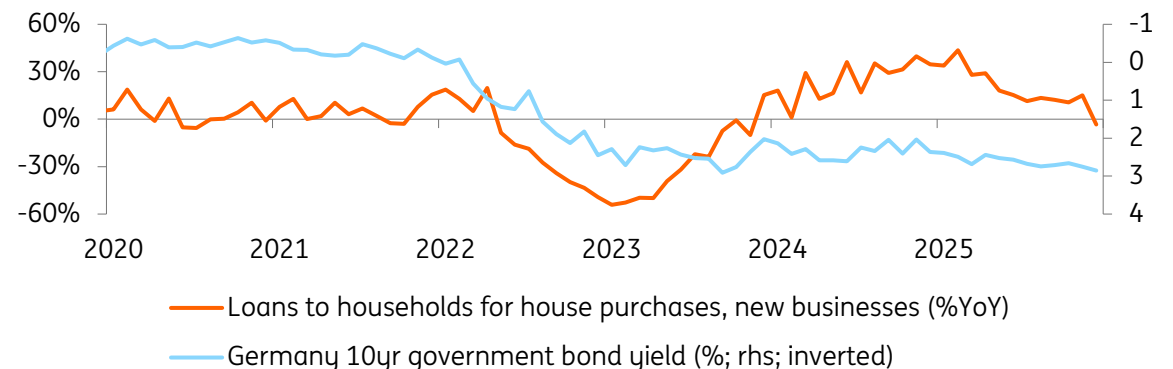
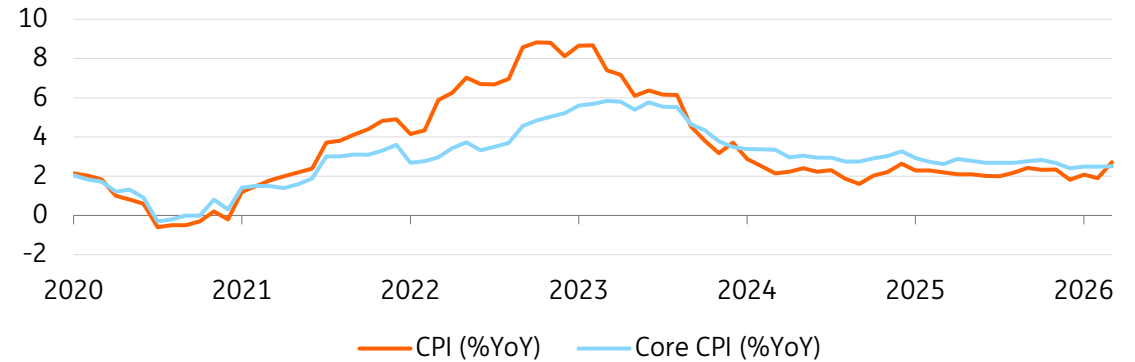


First inflation wave is in the making, wage-price-spiral is less likely, however

As the war in the Middle East has entered its fifth week and both energy prices and uncertainty remain high, German headline inflation reached its highest level since early 2024 in March. While the national inflation measure came in at 2.7% year-on-year, from a still innocent 1.9% YoY in February, the European measure surged to 2.8% YoY, from 2.0% YoY. At the same time, however, the latest numbers also showed that for the time being, the inflation shock remains limited to energy prices as core inflation and services inflation remained unchanged at 2.5% YoY and 3.2% YoY respectively. Any ECB reaction to this new price shock will clearly depend on whether soaring energy prices will find their way into the rest of the economy or not. Needless to say that a broadening of inflationary pressures and a de-anchoring of inflation expectations could trigger an ECB rate hike. For now, however – at the risk of using a forbidden word, at least at the ECB – the energy price shock falls under the label of 'transitory'.

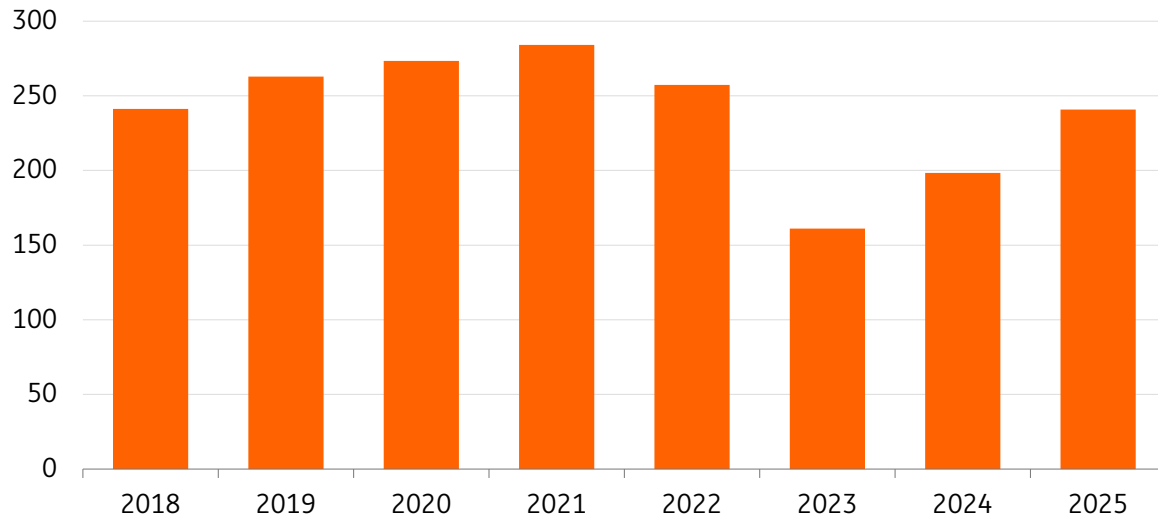
New mortgage lending was still up by 37% year-on-year in the first quarter of 2025 but had slowed to 13% YoY by year-end. Part of this softening reflects base effects. But unfavourable developments in affordability and weak consumer sentiment had a negative impact too. Wage growth eased, house prices increased, and scope for further declines in lending rates was limited.

The escalation in the Middle East pushed energy prices higher, reignited inflation fears, and triggered a sharp sell-off in government bond markets. German 10yr yields have risen by more than 30bp since late February – probably enough to push lending rates back above 4% going forward.



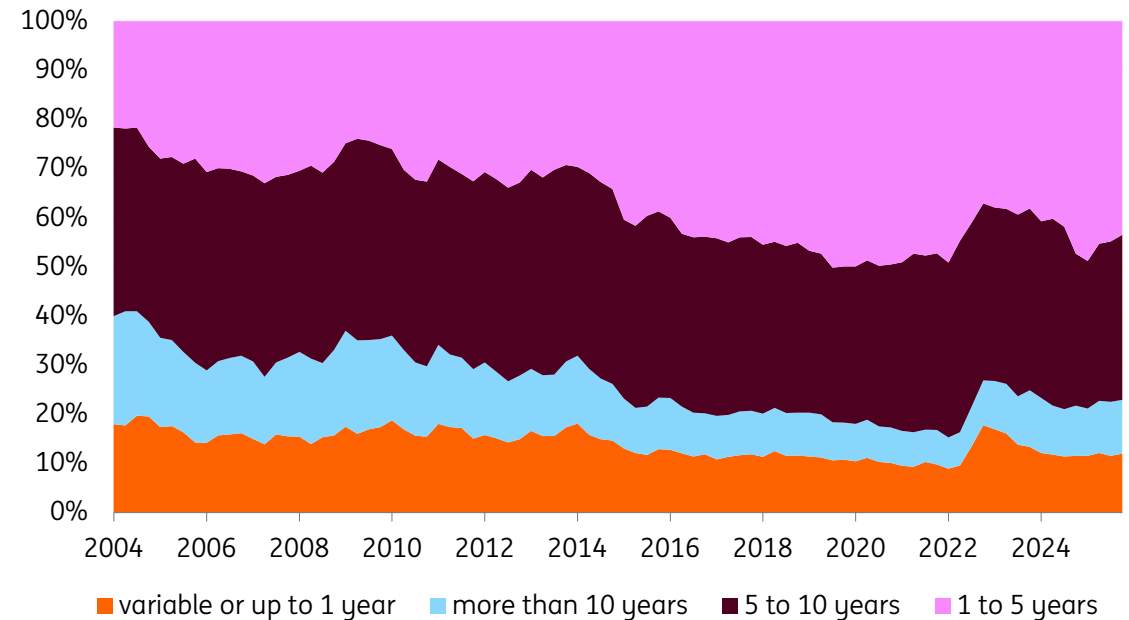
Rebound of the German housing market to face a pause, not a break

Loans to households for house purchase
(new businesses; in € bln)



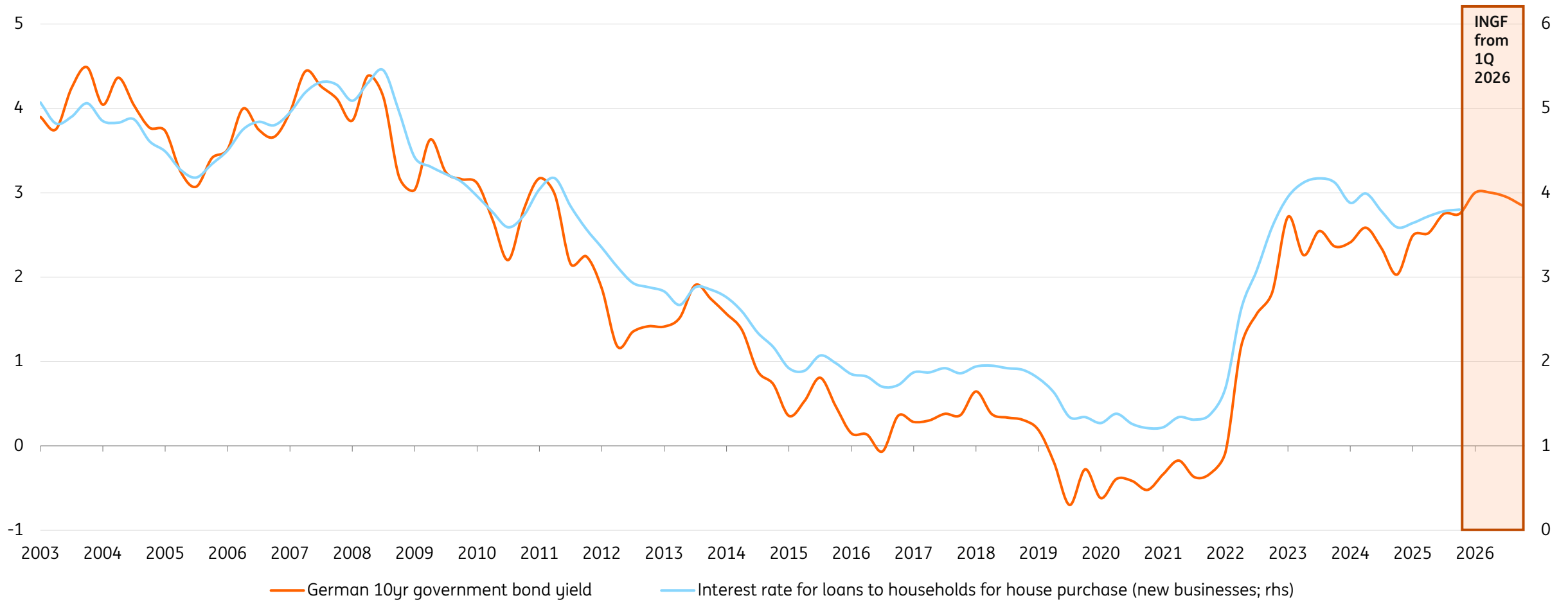
As a result of the current macro backdrop, the German housing market is likely to face a pause, not a break. Higher energy prices and renewed uncertainty will slow the recovery in the near term, but structural foundations – limited supply, gradually improving economic conditions, and an ECB unlikely to revisit aggressive tightening – argue against a 2022-style correction. For now, this looks like a short-term setback, not the end of the rebound.

Fixed interest periods for housing loans to private households



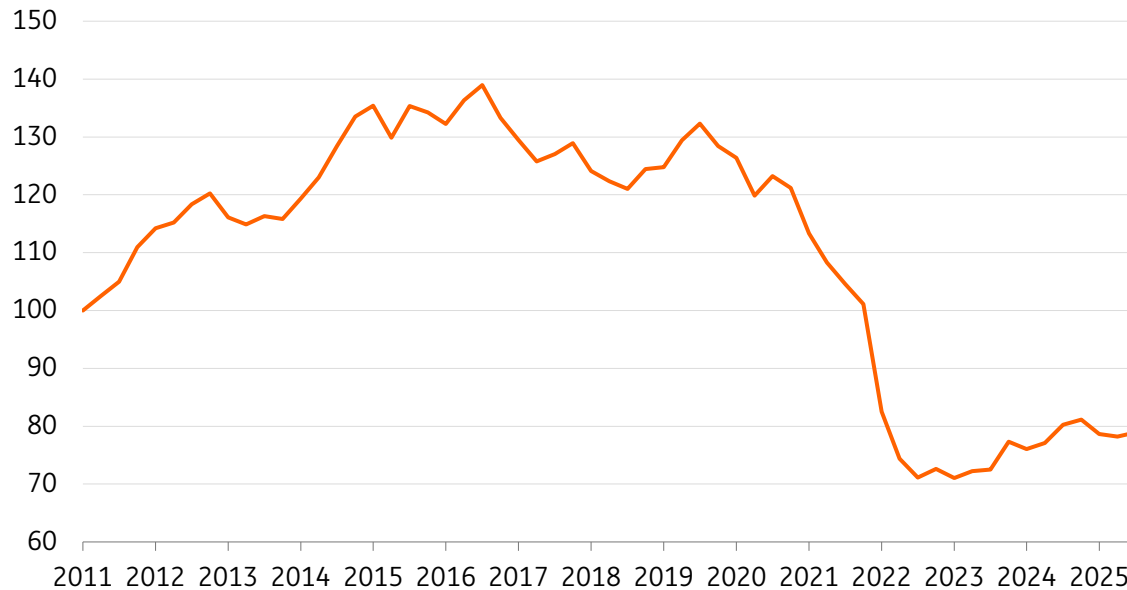
The share of loans with long-term fixed interest rates has returned to levels seen before the housing market slump in 2022.

Recent surge in mortgage rates frontloaded our previous forecasts



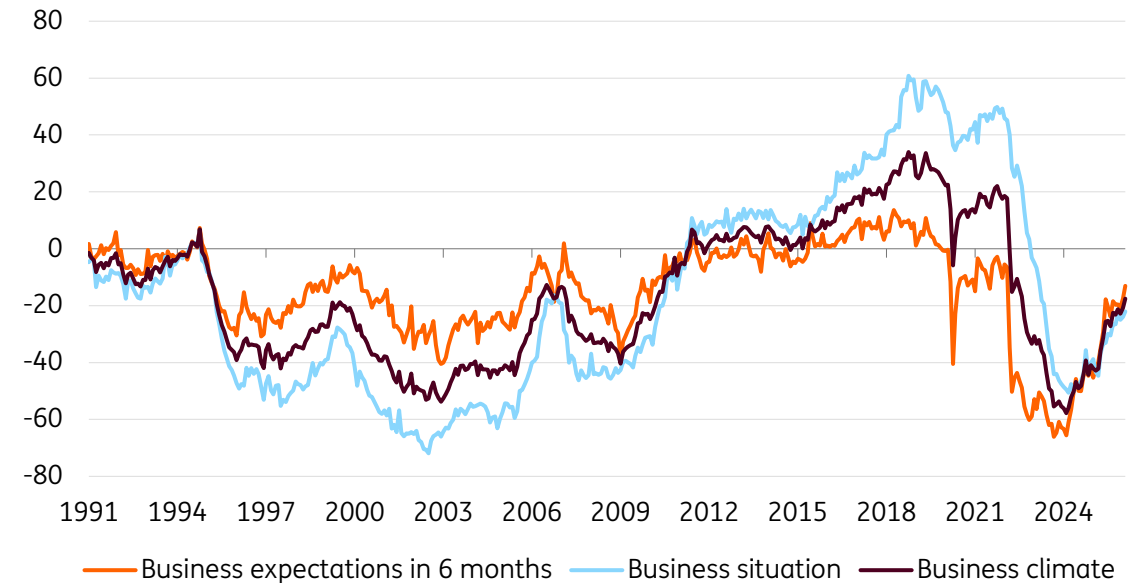
Little argues for a significant improvement in affordability

ING Affordability Index
(Index, 2Q 2011 = 100)



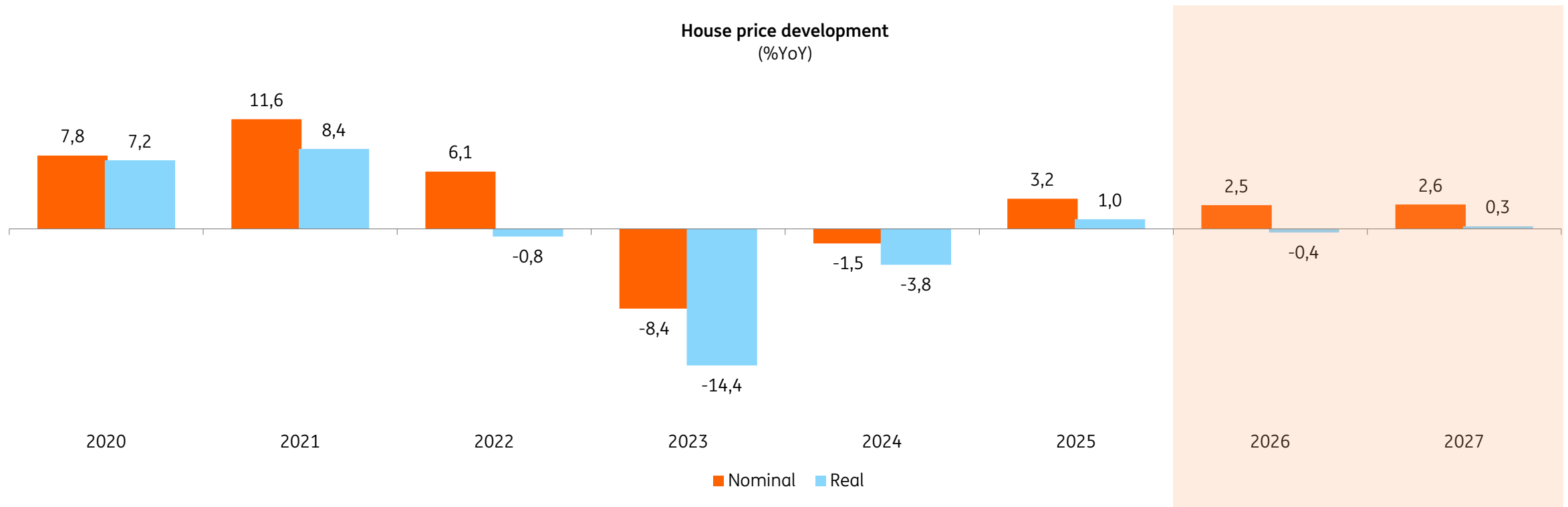
The affordability of purchasing a home has moved sideways recently. Looking ahead, we see little room for a significant improvement in the affordability of purchasing a home. The recent rise in government bond yields due to the war in the Middle East frontloaded our previous forecast of gradually increasing mortgage lending rates. In addition, wage growth looks set to slow further, while house prices continue to rise.

Business climate in the residential construction sector
(net balance)



Optimism had returned to the construction sector. However, the war in the Middle East, a new inflation surge and potential supply chain disruptions have worsened the outlook. On a more positive note, a key driver for optimism is the government's proposed "Bau-Turbo" (construction accelerator), which aims to fast-track residential development in high-demand areas by streamlining approval processes. If implemented effectively, this reduction in red tape could bring relief for Germany's housing shortage in the longer run. However, it will still take a while for improved sentiment to translate into real activity.

House prices likely to continue rising, though the pace of growth may slow in the short term



According to the German Statistical Office's house price index, house prices rose by 3.2% last year. With this, house prices are still some 8% below the peak reached in 2022, but at the same time, they are more than 5% up from the trough reached in 2024. However, the annual figure masks a clear loss of momentum. After three consecutive quarters of roughly 1% quarter-on-quarter growth, price dynamics slowed to 0.1% QoQ in 4Q 2025. Looking ahead, the German housing market is likely to face a pause, not a break. Higher energy prices and renewed uncertainty will slow the recovery in the near term, but structural foundations – limited supply, gradually improving economic conditions, and an ECB unlikely to revisit aggressive tightening – argue against a 2022-style correction.

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