ING Luxembourg
Pillar 3 Disclosure 2021

Basel III (Pillar 3 disclosure)

As a sub-subsidiary of ING Bank of a material importance in the Luxembourg market, ING Luxembourg is subject to mandatory though limited Pillar 3 disclosures from December 2017 (CSSF circular 17/673 and 18/676) (Market Discipline). Pillar 3 is a complement to Pillar 1 (Minimum Capital Requirements) and Pillar 2 (Supervisory Review Process) allowing market participants to assess the capital adequacy of a bank by using key pieces of information.

Navigation map

The index below enables the readers to track the main risk items through the various risk disclosures.

Risk management & governance arrangements

	Subjects	Annual Report	Pillar III
These sections show ING Luxembourg's approach to risk management and governance arrangements	Introduction to risk section	7-8	
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	Risk governance		6
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Credit risk

	Subjects	Annual Report	Pillar III
Credit risk is the risk of potential loss due to default by ING Luxembourg's debtors (including bond issuers) or trading counterparties.	Governance and credit risk definitions	9	
	Credit risk portfolio	9-15	
	RWA comparison Disclosure of non-performing and forborne exposures		10

Market risk

	Subjects	Annual Report	Pillar III
Market risk is the risk of potential loss due to adverse movements in market variables.	Introduction to Market risk & governance	8	
	RWA comparison		10

Funding and liquidity risk

	Subjects	Annual Report	Pillar III
Funding and liquidity risk is the risk that ING Luxembourg or one of its subsidiaries cannot meet the financial liabilities when they come due, at reasonable cost and in a timely manner.	Introduction & governance	9	
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Non-financial risk

	Subjects	Annual Report	Pillar III
Operational risk is the risk of direct or indirect loss returning from inadequate or failed internal processes, people and systems or from external events.	Operational Risk	10	
	Compliance Risk	11	
Compliance risk is the risk of impairment of ING Luxembourg's integrity, leading to damage to ING's reputation, legal or regulatory sanctions, or financial loss, as a result of failure (or perceived failure) to comply with applicable laws, regulations, ING Bank policies and minimum standards and the ING Values.	Legal Risk	11	
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Capital management

	Subjects	Annual Report	Pillar III
Capital risk management is the risk that involves the optimisation and efficient use of capital required by the bank's businesses, the outcomes of stress testing and the requirements of the market and the regulators.	Capital position & adequacy		16
	Capital instruments		17
	Own funds		18
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Remuneration

	Subjects	Pillar 3 Specific disclosure	Pillar III
The ING Luxembourg Pillar 3 disclosure on remuneration provide information on ING's remuneration policy and practices for Identified Staff. In addition, it confirms ING Luxembourg 's compliance with the applicable regulations on remuneration in the financial services sector.	Remuneration policy and governance	1	

Introduction

Basis of disclosure
The information in this report relates to ING Luxembourg SA and its subsidiaries. There are no differences between the scope of consolidation for prudential purposes and the scope of consolidation for accounting purposes as reported in the annual accounts in the 'Accounting policies'.

This Pillar III report provides information on ING Luxembourg SA on a consolidated level.

Assurance/validity
The Pillar III disclosures have been subject to the ING Luxembourg internal control assessments and validation mechanisms, to ensure compliance with laws and regulations. The Executive Committee has assessed and approved the accuracy of the content of the Pillar 3 disclosures. This report has not been audited by ING Luxembourg external auditor.

Regulatory framework
In 2010, the Basel III framework was adopted and consequently translated in the European Union (EU) into regulation through the Capital Requirement Regulation (CRR2) and Capital Requirement Directive IV (CRD5). The CRR is binding for all EU member states and became effective per 1 January 2014.

The Basel Committee's framework is based on three pillars. The Pillar I on minimum capital requirements, which defines the rules for the calculation of credit, market and operational risk. Pillar II, for risks not included in Pillar I, is about Supervisory Review and Evaluation Process (SREP), which requires banks to undertake an internal capital adequacy assessment process (ICAAP) to identify and assess risks and maintain sufficient capital to face these risks, and an internal liquidity adequacy assessment process (ILAAP) focusing on maintaining sufficient liquidity (and funding) risk management. Pillar III is on market discipline and transparency, requiring disclosures to allow investors and other market participants to understand the risk profiles of individual banks.

ING Luxembourg prepares the Pillar III report in accordance with the CRR2, CRD5 and EBA guidelines (art 8) on disclosure requirements for subsidiaries considered as material for their local market. The ING Luxembourg's 'Additional Pillar III Report' contains disclosures on Risk Governance arrangements, Own funds, macro-prudential supervisory measures, unencumbered assets, remuneration policy, leverage ratio and liquidity coverage ratio.

The Pillar III report is published on an annual basis.

Developments in disclosure requirements

Local Regulation

CSSF circulars (CSSF 17/673 – 18/676)

In November 2017 and January 2018 CSSF adopted EBA Guidelines on General disclosure & Liquidity Coverage Ratio (LCR) disclosure to complement the disclosure of risk management under Article 435 of Regulation (EU) No 575/2013 (EBA guidelines 2016/11 and EBA guidelines 2017/01).

The Guidelines are addressed to those credit institutions that are subject to the disclosure requirements of Part Eight of the CRR2 in accordance with articles 6, 10 and 13 of this regulation and who fall under the scope of the Commission Delegated Regulation (EU) 2015/614. ING Luxembourg SA is neither to be considered as a G-SIIs ("Globally Significant Institutions") nor a O-SIIs ("Other Significant Institutions") but is a significant entity in the local market: the institution's 4-year average of total assets exceeds 20% of the 4-year average of Luxembourg's GDP.

In that respect, ING Luxembourg must disclose for Risk management information specified but benefit from the possibility of disclosing a simplified version (see EBA guidelines Article 8 & EBA guidelines 2017/01 Annex II).

European Regulation

EBA guidelines on disclosure requirements under Part Eight of Regulation (EU) 575/2013 (EBA/GL/2016/11)

In order to be legally binding, the Revised Pillar III templates requested at EU level needed to be transposed for European institutions into EU requirements by EBA. Therefore, in December 2016, EBA issued a final paper (EBA guidelines 2016/11) on the guidelines on CRR disclosure requirements in order to allow EU institutions to implement the Revised Pillar II Framework (RPF) in a way that is compliant with the requirements of Part Eight of the CRR2. A second version was issued on 9 June 2017 with some slight amendments to reflect legislation updates.

Within the Guidelines, the EBA adjusted in 2021 the Revised Pillar III templates to include EU specificities to fit the CRR2 requirements

(EU 2021/637). The EBA guidelines should therefore be seen as specifications of the existing CRR disclosure requirements, rather than a completely new set of requirements.

As a non large Bank under CRR2 art 433a definition, ING Luxembourg is not requested to publish the whole disclosure package.

The table below “disclosure index EBA guidelines” indicates which and where the templates from the EBA guidelines 2016/11 are located in the Pillar III report:

Disclosure index EBA guidelines

Type	ID	EBA description	Pages
Capital requirements	EU OV1	Regulatory capital requirements	10
Own Funds	EU CC2	Reconciliation of regulatory own funds to balance sheet in the audited financial statement	19
Leverage Ratio	EU LR1	Summary reconciliation of accounting assets and leverage ratio exposures	21
	EU LR2	Leverage ratio common disclosure	22

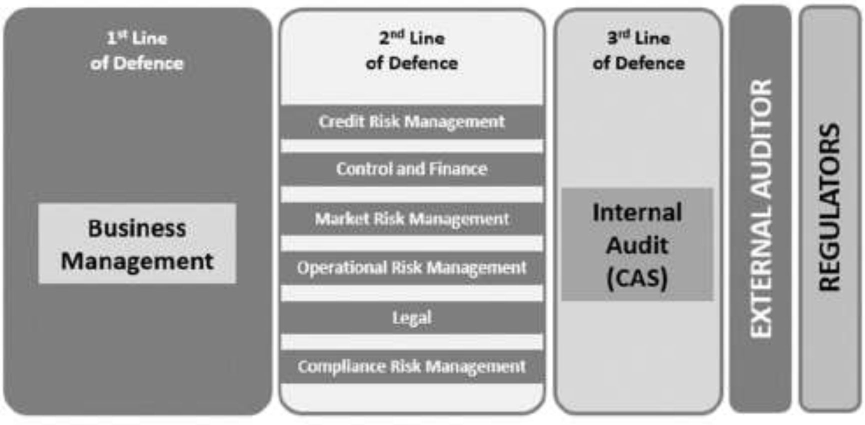
EBA guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013

The EBA has developed these guidelines (GL) to harmonise and specify the disclosures required under the general principles on liquidity and, in particular, on the LCR in the CRR. These GL apply to the institutions that are subject to the EBA guidelines 2016/11 on harmonised disclosure formats, as long as they are credit institutions, which are the only institutions within the scope of the LCR Delegated Act, and at the same level of their LCR requirements in the case of consolidated disclosures. This will provide with essential pieces of information on the liquidity risk management of the relevant institution. The guidelines entered into force from 31 December 2017.

EBA guidelines on disclosure of non-performing and forborne exposures (EBA/GL/2018/10). The guidelines specify the common content and uniform disclosure formats for the information on NPEs, forborne exposures and foreclosed assets that credit institutions should disclose. The guidelines entered into force from December 2019.

Risk Governance

To manage risks, ING uses the three lines of defence risk governance model.



First line of defence

Each business line has responsibility and accountability for the effective control of risks affecting their businesses (the "first line of defence").

The first line of defence is responsible for the implantation and execution of ING's Risk policies, minimum standards and the framework set by the second line of defence. Examples of typical first-line-of-defence activities are:

- perform integrated Risk Assessments and evaluate related responses to ensure that only business acceptable risks remain
- implement and maintain the applicable mandatory controls of operational risk and Compliance policies, minimum standards, taking into account local laws and regulations;
- ensure the operating effectiveness of the key controls.

Second line of defence

Risk management functions (the "second line of defence") are an independent partner that support the first line of defence's risk management activities. Examples of typical second-line-of-defence activities are :

- oversee and objectively challenge the execution of risk mangement activities;
- monitor the key risks od the business;
- exercise the authority to escalate risk management issues to the next higher level and/or veto high –risk business activity;
- assist the first line of defence to ensure compliance with ING's risk policies and minimum standards.

Third line of defence

Corporate Audit Service (CAS) operates as the "third line of defence". CAS' mission is to provide an independent assessment of the design and effectiveness of internal controls over the risks to ING's business performance. In carrying out this work CAS will provide specific recommendations for improving the governance, risk & control framework.

Governance arrangements

In Luxembourg, corporate governance is regulated by the CSSF circular number 12/552, later amended, providing the rules to observe in terms of central administration, internal governance and risk management.

Corporate governance and the Board of Directors

In accordance with article 10 of the amended statutes, ING in Luxembourg must be managed by a Board of Directors ("the Board") consisting of at least three members who do not need to be shareholders.

Organisation and functioning of the Board

The activities of the Board of Directors are governed by a charter.

According to article 11 of the amended statutes, the Board is invested with the broadest powers to perform all acts of administration and disposition in compliance with the corporate object. All powers not expressly reserved by law or by the articles of association to the general meeting of shareholders fall within the competence of the Board of Directors.

The Board may also commit the management of all the affairs of the Bank or of a special branch to one or more managers and give special powers for determined matters to one or more proxyholders, selected from its own members or not, either shareholders or not.

The Board may also decide to delegate some power to special committees within the meaning of Article 54 of the Luxembourg Law of 1915 as amended and shall establish the members and responsibilities thereof. The members of such committees shall carry out their activities under the responsibility of the Board.

Among other, the Board will:

- define and approve the strategy ;
- regularly assess the strategy, management structure, organisation, internal control, independent control functions;
- regularly check that ING in Luxembourg has effective internal controls relating to financial reporting process reliability;
- validate the remuneration policy;
- adopt resolutions on the following topics:
    - Management report to be submitted to the annual general meeting
    - Internal audit report
    - Management report on compliance
    - Management report on internal control
    - Management report on risk management function
    - Dashboard on the key risk indicators
    - Risk appetite statements
    - ICAAP and ILAAP reports
    - ....

Board's specialised committees

The Board has two specialized committees, i.e.:

- The Audit & Risk Committee
- The Nomination & Remuneration Committee

Their mission consists in providing the Board with observations and recommendations relating to the organization and the functioning of ING in Luxembourg in audit, risk, nomination and remuneration.

Audit & Risk Committee

Composition

The Audit & Risk Committee is composed of five effective members.

Mission

The activities of the Audit & Risk Committee are governed by a charter.

The Audit & Risk Committee shall, amongst others, advise and assist the Board on the definition and implementation of the overall risk strategy of the institution, including its current and future risk tolerance.

It shall take note of the information on the state of the internal control provided by the authorised management at least once a year.

Frequency

The Audit & Risk Committee meets minimum four times a year. Meetings can also take place when the Chair of the Audit & Risk Committee deems it necessary or upon request of the Board of Directors or the Chair of the Executive Committee or two members of the Audit & Risk Committee.

Quorum

Subject to cases of "force majeure", an ARC meeting is valid if at least three members are present or represented. The Chair (or the Vice Chair) and a majority of the members of the ARC must as well be present or represented to constitute a valid quorum.

Nomination & Remuneration Committee

Composition

The Nomination & Remuneration Committee is composed of three effective members.

Mission

The activities of the Nomination & Remuneration Committee are governed by a charter.

Frequency

The Nomination & Remuneration Committee meets minimum once a year. Additional meetings can also take place when the Chair of the Nomination & Remuneration Committee deems it necessary or upon request of the Board of Directors or the Chair of the Executive Committee or two members of the Committee.

Quorum

For every meeting of the Nomination and Remuneration Committee, at least the Chair and the majority of its members need to be present or represented to constitute a valid quorum.

Corporate governance and the Executive Committee

In accordance with existing legislation on the status and prudential supervision of credit institutions as well as with article 10bis of the Bank's amended statutes, the daily management of ING in Luxembourg is carried out by the Executive Committee chaired by the managing director.

Organisation and functioning of the Executive Committee

Composition

The Executive Committee is composed of authorised managers and associated Executive Committee members.

Mission

The activities of the Executive Committee are governed by a charter.

In accordance with Article 10 and 10bis of the amended statutes the powers and remuneration of the managing director, the members of the management and authorized agents shall be fixed by the Board of Directors.

The Executive Committee is responsible for the day to day management of the Bank, except the decisions that affect the general company policy or any activities that are reserved to the Board of Directors in accordance with legal provisions. As such it ensures in particular the respect of all laws and regulation governing the activities of ING in Luxembourg, the management of all risks of any nature in relation with its activities, and of the Bank's funding. The Executive Committee will report on these different topics to the relevant management bodies and/or specialized committees.

Frequency

The Executive Committee generally meets once a week. Additional meetings may be convened if one or several members deem it necessary for the appropriate functioning of the committee.

Quorum

The Executive Committee must gather minimum three of its members among which two authorized managers.

Specialized committees around the Executive Committee

The Executive Committee delegates some of its powers to specialized committees, inter alia the Credits Committee, Credit Restructuring and Recovery Unit Monitoring Committee, Business Acceptance Committee, Asset and Liabilities Committee, Non-Financial Risk Committee.

Information flow on risk to the management body

Each risk department ensures that the CRO, the Executive Committee members, the Audit & Risk Committee and the Board of Directors have a regularly updated view on risks. In addition, each risk department is involved in risk governance and is responsible for defining minimum standards, policies and procedures for its risk scope. The main risk information topics to the management body (as described above) and/or Board' specialised committees and/or Bank's internal committees are summarized in the table below:

Main risk topics reported to the management body and/or Board's specialized committees and/or Bank's internal committees

Topics	Relevant body	Frequency of report
Definition & approval of risk strategy framework, internal and regulatory own funds and liquidity level taking into account of ING Bank and ING Belgium values.	Board of Directors	Minimum 4 times a year
Advise and assist the Board on the definition and implementation of the overall risk strategy of the institution, including its current and future risk tolerance	Audit & Risk Committee	Minimum 4 times a year
Assist the Board of Directors in its responsibilities regarding the Remuneration Policies and the application of these Policies as well as the appointment and assessment of the Board, of members of the management body and key function holders.	Nomination & Remuneration Committee	At least once a year
Ensure the respect of all laws and regulation governing the activities of ING in Luxembourg, the management of all risks of any nature in relation with its activities, and of the Bank's funding.	Executive Committee	Weekly
Credit Risk follow-up	Executive Committee	Quarterly
Decision/approval of credit engagements	Credit Committee	Weekly
Supervision and coordination of **asset and liability** management : -apply and allocate limits within the **Fund & Liquidity risk** appetite and oversee and monitor the liquidity risk position and funding mix of the balance sheet; -execute the overall ING Luxembourg **interest rate risk** strategy, apply and allocate limits within the interest rate risk appetite and oversee and monitor the interest rate risk position of ING Luxembourg; -monitor **developments in the balance sheet** in ALCO scope -set limit and monitor the **solvency** of the balance sheet in ALCO scope	Assets & Liabilities Committee	Monthly (minimum 10 per year)
Manage (identify, measure, answer and follow-up) non financial risk (including operational, Compliance and legal Risk)	Non-Financial Risk Committee	Monthly

Furthermore, some specific risk topics may also be addressed at ING Group level ad-hoc committees

Capital requirement

Capital Adequacy Rules – CRRII / CRD V

The rules for required Regulatory Capital or Capital adequacy are based on the guidelines developed by the Basel Committee on Banking Supervision (The Basel Committee) and the European Union Regulation and Directives, as implemented by the European Central Bank and the National Competent Authority for Luxembourg (Commission de Surveillance du Secteur Financier) for supervisory purposes.

The rules express the regulators' and legislators' opinions of how much capital a bank and other regulated credit institutions must retain in relation to the size and the type of risk taking expressed in the form of risk-weighted assets. The most important part of the capital base is the shareholders' equity. In addition to equity, the institution may issue certain liabilities such as Tier 1 and Tier 2 instruments to be included in the capital base. The legal minimum requirement (excluding buffers) stipulates that the capital base must correspond to at least 8% of the Risk-Weighted Assets (RWA).

The table below presents an overview of the Minimum capital requirements and the RWA at year end 2021 per type of risk and method of calculation. The largest part of the RWA is related to credit risk (79%) and mainly to the portfolio with calculations based on the Advanced Internal Ratings Based (AIRB) approach.

EU OV1: ING Luxembourg Regulatory capital requirements (in mln Eur)

	RWA amounts		Minimum capital requirements	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Credit risk (excluding counterparty credit risk) (CCR)	**3 888**	**3 916**	**311**	**313**
Of which standardised approach (SA)	275	535	22	43
Of which internal rating-based (IRB) approach	3 607	3 374	289	270
Of which Equity IRB under the simple risk-weight or the internal models approach	6	6	1	1
Counterparty credit risk (CCR)	**21**	**31**	**2**	**3**
Of which Marked to market			0	0
Of which Original exposure			0	0
of which standardised approach for counterparty credit risk			0	0
of which internal model method (IMM)			0	0
Of which risk exposure amount for contributions to the default fund of a CCP			0	0
Of which CVA	21	31	2	3
Settlement risk	**0**	**87**	**0**	**7**
Securitisation exposures in banking book (after cap)	**390**	**0**	**31**	**0**
Of which IRB approach (RBA)	0	0	0	0
Of which IRB Supervisory Formula Approach (SFA)	0	0	0	0
Of which Internal assessment approach (IAA)	0	0	0	0
Of which Standardised approach (SA)	390	0	31	0
Market risk	**50**	**110**	**4**	**9**
Of which standardised approach (SA)	0	0	0	0
Of which internal model approaches (IMA)	50	110	4	9
Large exposures	**0**	**0**	**0**	**0**
Operational risk	**575**	**572**	**46**	**46**
Of which Basic Indicator Approach	575	572	46	46
Of which Standardised Approach	0	0	0	0
Of which Advanced Measurement Approach	0	0	0	0
Amounts below the thresholds for deduction (subject to 250% risk weight)	**0**	**0**	**0**	**0**
Floor adjustment	**0**	**0**	**0**	**0**
Total	**4 924**	**4 716**	**394**	**377**

On a year-on-year basis, ING Luxembourg's risk weighted assets increased by EUR +208mln. The largest part of this evolution is explained by the Targeted Review on Internal Models (TRIM) on financial institutions partially compensated by the settlement of an illiquid GBP position, less market risk weighted assets and a decrease in Credit RWA on Intercompany Loans.

Disclosure of non-performing and forborne exposure

The financial crisis negatively affected the European banking sector and contributed to a build-up of non-performing exposures (NPEs) in banks' balance sheets. In July 2017, the European Council agreed on an Action Plan to tackle non-performing loans (NPLs) in Europe and imposed to banks a new set of common and uniform disclosure templates on the quality of their assets and other commitments.

The purpose of the first template is to provide an overview of the quality of forborne exposure. At End of December 2021, the non-performing forborne exposure represents EUR 11mln on a total asset balance sheet of EUR 24bln.

EBA Template 1 : Credit quality of forborne exposures (figures in EUR mln)

2021		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and		Collateral received and financial guarantees received on forborne exposures
		Performing forborne	Non-performing forborne	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures	
1	**Loans and advances**	**33,87**	**10,61**	**10,61**	**10,61**	**-0,06**	**-0,71**	**30,20**
2	*Central banks*	0,00	0,00	0,00	0,00	0,00	0,00	0,00
3	*General governments*	0,00	0,00	0,00	0,00	0,00	0,00	0,00
4	*Credit institutions*	0,00	0,00	0,00	0,00	0,00	0,00	0,00
5	*Other financial corporations*	1,38	1,38	1,38	1,38	0,00	-0,54	0,84
6	*Non-financial corporations*	12,75	3,34	3,34	3,34	-0,03	-0,04	9,84
7	*Households*	19,74	5,88	5,88	5,88	-0,03	-0,13	19,52
8	**Debt Securities**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
9	Loan commitments given	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
10	***Total***	**33,87**	**10,61**	**10,61**	**10,61**	**-0,06**	**-0,71**	**30,20**

EBA Template 1 : Credit quality of forborne exposures (figures in EUR mln)

2020		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and		Collateral received and financial guarantees received on forborne exposures
		Performing forborne	Non-performing forborne	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures	
1	**Loans and advances**	**27,72**	**20,03**	**20,03**	**20,03**	**-0,07**	**-0,73**	**1,76**
2	*Central banks*	0,00	0,00	0,00	0,00	0,00	0,00	0,00
3	*General governments*	0,00	0,00	0,00	0,00	0,00	0,00	0,00
4	*Credit institutions*	0,00	0,00	0,00	0,00	0,00	0,00	0,00
5	*Other financial corporations*	3,96	0,53	0,53	0,53	0,00	-0,55	0,00
6	*Non-financial corporations*	8,76	10,14	10,14	10,14	-0,03	-0,07	1,75
7	*Households*	15,00	9,35	9,35	9,35	-0,05	-0,11	0,01
8	**Debt Securities**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
9	Loan commitments given	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
10	***Total***	**27,72**	**20,03**	**20,03**	**20,03**	**-0,07**	**-0,73**	**1,76**

The purpose of the second template is to provide an overview of the credit quality of the non performing exposure (including off-balance items like given guarantees and unused credit lines) : the non-performing loans (EUR 194 mln) represent 0.74% of the total bank credit risk exposure (EUR 21 Bln).

EBA Template 3 : Credit quality of performing and non-performing exposures by past due days (figures in EUR mln)

	2021	Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
1	**Loans and advances**	**21 494,78**	**21 451,81**	**42,98**	**74,19**	**40,37**	**7,08**	**1,88**	**3,57**	**20,70**	**0,04**	**0,56**	**74,19**
2	*Central banks*	9 614,98	9 614,98	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
3	*General governments*	61,92	61,92	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
4	*Credit institutions*	2 547,35	2 547,35	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
5	*Other financial corporations*	1 410,42	1 410,02	0,41	3,61	2,68	0,17	0,11	0,29	0,35	0,00	0,00	3,61
6	*Non-financial corporations*	4 269,30	4 231,18	38,12	42,67	21,60	5,24	0,27	0,47	14,48	0,04	0,56	42,67
7	*Of which SMEs*	433,37	431,19	2,19	3,86	2,60	0,22	0,12	0,31	0,01	0,04	0,56	3,86
8	*Households*	3 590,81	3 586,36	4,45	27,91	16,09	1,66	1,50	2,81	5,86	0,00	0,00	27,91
9	**Debt securities**	**2 039,63**	**2 039,63**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
10	*Central banks*	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
11	*General governments*	1 072,47	1 072,47	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
12	*Credit institutions*	941,36	941,36	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
13	*Other financial corporations*	25,80	25,80	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
14	*Non-financial corporations*	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
15	**Off-balance-sheet exposures**	**2 634,36**			**119,90**								**0,00**
16	*Central banks*	0,00			0,00								0,00
17	*General governments*	14,86			0,00								0,00
18	*Credit institutions*	86,47			0,00								0,00
19	*Other financial corporations*	1 033,60			105,77								0,00
20	*Non-financial corporations*	1 124,75			13,66								0,00
21	*Households*	374,69			0,47								0,00
22	***Total***	**26 168,78**	**23 491,44**	**42,98**	**194,09**	**40,37**	**7,08**	**1,88**	**3,57**	**20,70**	**0,04**	**0,56**	**74,19**

EBA Template 3 : Credit quality of performing and non-performing exposures by past due days (figures in EUR mln)

2020		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
1	**Loans and advances**	**15 981,56**	**15 928,04**	**53,51**	**89,30**	**58,96**	**3,92**	**3,50**	**22,29**	**0,04**	**0,01**	**0,58**	**89,30**
2	*Central banks*	4 411,87	4 411,86	0,01	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
3	*General governments*	42,32	42,32	0,00	0,03	0,03	0,00	0,00	0,00	0,00	0,00	0,00	0,03
4	*Credit institutions*	2 914,05	2 914,05	0,00	0,01	0,01	0,00	0,00	0,00	0,00	0,00	0,00	0,01
5	*Other financial corporations*	1 522,82	1 522,21	0,61	5,47	2,62	0,04	0,12	2,68	0,00	0,00	0,00	5,47
6	*Non-financial corporations*	3 693,58	3 661,70	31,88	46,09	32,78	0,65	0,19	11,86	0,04	0,01	0,58	46,09
7	*Of which SMEs*	369,34	368,98	0,36	2,64	1,43	0,49	0,09	0,01	0,04	0,01	0,58	2,64
8	*Households*	3 396,91	3 375,91	21,01	37,70	23,52	3,23	3,19	7,75	0,00	0,00	0,00	37,70
9	**Debt securities**	**2 086,89**	**2 086,89**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**
10	*Central banks*	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
11	*General governments*	1 027,39	1 027,39	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
12	*Credit institutions*	1 029,34	1 029,34	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
13	*Other financial corporations*	30,15	30,15	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
14	*Non-financial corporations*	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
15	**Off-balance-sheet exposures**	**2 828,28**			**9,42**								**0,00**
16	*Central banks*	0,02			0,00								0,00
17	*General governments*	41,04			0,00								0,00
18	*Credit institutions*	114,23			0,00								0,00
19	*Other financial corporations*	1 310,10			6,23								0,00
20	*Non-financial corporations*	999,31			2,62								0,00
21	*Households*	363,57			0,57								0,00
22	***Total***	**20 896,72**	**18 014,93**	**53,51**	**98,72**	**58,96**	**3,92**	**3,50**	**22,29**	**0,04**	**0,01**	**0,58**	**89,30**

Definitions

Based on the IFRS9 scope only, the template 4 below provides an overview of the credit quality, related provisions and valuation adjustments by portfolio and exposure class. Stage 1' refers to impairment measured in accordance with IFRS 9.5.5.5. 'Stage 2' refers to impairment measured in accordance with IFRS 9.5.5.3. 'Stage 3' refers to impairment on credit-impaired assets, as defined in Appendix A to IFRS 9.

Template 4 : Performing and non-performing exposures and related provisions (scope IFRS9 exposure - Figures in EUR mln)

		Gross carrying amount/nominal amount						**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**					
	2021	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3
1	**Loans and advances**	**21 494,78**	**20 997,07**	**497,72**	**74,19**	**0,00**	**74,19**	**-6,16**	**-3,26**	**-2,90**	**-8,21**	**0,00**	**-8,21**
2	*Central banks*	9 614,98	9 614,98	0,00	0,00	0,00	0,00	-0,44	-0,44	0,00	0,00	0,00	0,00
3	*General governments*	61,92	61,92	0,00	0,00	0,00	0,00	-0,01	-0,01	0,00	0,00	0,00	0,00
4	*Credit institutions*	2 547,35	2 547,34	0,01	0,00	0,00	0,00	-0,04	-0,04	0,00	0,00	0,00	0,00
5	*Other financial corporations*	1 410,42	1 397,32	13,10	3,61	0,00	3,61	-0,26	-0,15	-0,10	-1,80	0,00	-1,80
6	*Non-financial corporations*	4 269,30	4 049,62	219,69	42,67	0,00	42,67	-3,39	-2,05	-1,34	-4,35	0,00	-4,35
7	*Of which SMEs*	433,37	397,34	36,04	3,86	0,00	3,86	-0,42	-0,31	-0,11	-0,28	0,00	-0,28
8	*Households*	3 590,81	3 325,89	264,92	27,91	0,00	27,91	-2,02	-0,56	-1,46	-2,06	0,00	-2,06
9	**Debt securities**	**2 039,63**	**2 039,63**	**0,00**	**0,00**	**0,00**	**0,00**	**-0,13**	**-0,13**	**0,00**	**0,00**	**0,00**	**0,00**
10	*Central banks*	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
11	*General governments*	1 072,47	1 072,47	0,00	0,00	0,00	0,00	-0,09	-0,09	0,00	0,00	0,00	0,00
12	*Credit institutions*	941,36	941,36	0,00	0,00	0,00	0,00	-0,04	-0,04	0,00	0,00	0,00	0,00
13	*Other financial corporations*	25,80	25,80	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
14	*Non-financial corporations*	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
15	**Off-balance-sheet exposures**	**2 634,36**	**2 630,51**	**3,85**	**119,90**	**9,12**	**110,78**	**0,00**	**0,00**	**0,00**	**-0,04**	**0,00**	**-0,04**
16	*Central banks*	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
17	*General governments*	14,86	14,86	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
18	*Credit institutions*	86,47	86,47	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
19	*Other financial corporations*	1 033,60	1 033,58	0,02	105,77	0,15	105,62	0,00	0,00	0,00	0,00	0,00	0,00
20	*Non-financial corporations*	1 124,75	1 120,93	3,82	13,66	8,93	4,73	0,00	0,00	0,00	-0,04	0,00	-0,04
21	*Households*	374,69	374,68	0,01	0,47	0,04	0,43	0,00	0,00	0,00	0,00	0,00	0,00
22	***Total***	**26 168,78**	**25 667,21**	**501,56**	**194,09**	**9,12**	**184,97**	**-6,29**	**-3,39**	**-2,90**	**-8,25**	**0,00**	**-8,25**

Template 4 : Performing and non-performing exposures and related provisions (scope IFRS9 exposure - Figures in EUR mln)

	2020	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3
1	**Loans and advances**	**15 981,56**	**15 229,34**	**752,22**	**89,30**	**0,00**	**89,30**	**-8,52**	**-4,84**	**-3,68**	**-8,66**	**0,00**	**-8,66**
2	*Central banks*	4 411,87	4 411,87	0,00	0,00	0,00	0,00	-0,49	-0,49	0,00	0,00	0,00	0,00
3	*General governments*	42,32	42,32	0,00	0,03	0,00	0,03	-0,01	-0,01	0,00	-0,01	0,00	-0,01
4	*Credit institutions*	2 914,05	2 914,05	0,00	0,01	0,00	0,01	-0,04	-0,04	0,00	0,00	0,00	0,00
5	*Other financial corporations*	1 522,82	1 491,13	31,69	5,47	0,00	5,47	-0,90	-0,60	-0,30	-1,59	0,00	-1,59
6	*Non-financial corporations*	3 693,58	3 244,31	449,27	46,09	0,00	46,09	-5,14	-3,16	-1,98	-5,00	0,00	-5,00
7	*Of which SMEs*	369,34	346,01	23,32	2,64	0,00	2,64	-0,28	-0,15	-0,14	-0,45	0,00	-0,45
8	*Households*	3 396,91	3 125,65	271,26	37,70	0,00	37,70	-1,95	-0,55	-1,40	-2,06	0,00	-2,06
9	**Debt securities**	**2 082,72**	**2 082,72**	**0,00**	**0,00**	**0,00**	**0,00**	**-0,16**	**-0,16**	**0,00**	**0,00**	**0,00**	**0,00**
10	*Central banks*	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
11	*General governments*	1 027,39	1 027,39	0,00	0,00	0,00	0,00	-0,08	-0,08	0,00	0,00	0,00	0,00
12	*Credit institutions*	1 029,34	1 029,34	0,00	0,00	0,00	0,00	-0,07	-0,07	0,00	0,00	0,00	0,00
13	*Other financial corporations*	25,98	25,98	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
14	*Non-financial corporations*	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
15	**Off-balance-sheet exposures**	**2 828,28**	**2 751,97**	**76,30**	**9,42**	**0,00**	**9,42**	**0,00**	**0,00**	**0,00**	**-0,07**	**0,00**	**-0,07**
16	*Central banks*	0,02	0,02	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
17	*General governments*	41,04	41,04	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
18	*Credit institutions*	114,23	114,23	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
19	*Other financial corporations*	1 310,10	1 303,84	6,26	6,23	0,00	6,23	0,00	0,00	0,00	-0,03	0,00	-0,03
20	*Non-financial corporations*	999,31	949,14	50,17	2,62	0,00	2,62	0,00	0,00	0,00	-0,04	0,00	-0,04
21	*Households*	363,57	343,70	19,87	0,57	0,00	0,57	0,00	0,00	0,00	0,00	0,00	0,00
22	***Total***	**20 892,55**	**20 064,03**	**828,52**	**98,72**	**0,00**	**98,72**	**-8,68**	**-4,99**	**-3,68**	**-8,73**	**0,00**	**-8,73**

Capital position

As at 1 January 2014, the CRR/CRD IV capital rules entered into force. According to CRR/CRD IV capital adequacy rules, the Common Equity Tier 1 ratio has to be at least 4.5%, the Tier 1 ratio at least 6% and the total capital ratio at least 8% of all risk-weighted assets.

The capital position table reflects own funds according to the CRR II / CRD V rules.

ING Luxembourg's regulatory capital consists of Tier 1 and Tier 2 capital. Tier 1 capital consists of Common Equity Tier 1 capital. Tier 2 capital consists of one subordinated loan denominated in USD.

At 20.63% at year-end 2021, ING Luxembourg's common equity Tier 1 ratio is well in excess of the 8.10% common equity Tier 1 Maximum Distribuable Amount. This requirement is the sum of (i) 4.5% Pillar 1 requirement (ii) 0.70% Pillar 2 requirement, (iii) the 2.5% capital conservation buffer and (iv) 0.40 % for the institution-specific countercyclical buffer.

Capital position	2021	2020
In EUR million / in %		
Shareholders' equity	**1 154**	**1 116**
Regulatory adjustments :		
Minority interests counting as Common equity Tier 1	0	0
Goodwill and intangibles deducted from Tier 1 [1]	0	0
Provision shortfall [2]	-9	-10
Revaluation reserve debt securities	0	0
Revaluation reserve equity securities	0	0
Revaluation reserve real estate	0	0
Revaluation reserve cash flow hedges	-5	-10
Prudent valuation adjustments	-2	-3
Investments >10 FIs, exceeding 10% threshold	0	0
Prudential filters :		
Profit of the year	-116	-87
Defined benefit remeasurement (IAS19R)	0	0
Net defined benefit pension fund assets	-1	0
Deferred tax assets	0	0
Own credit risk adjustments to derivatives (DVA)	0	0
Foreseeable dividend	0	0
Other deductions	-6	-13
Available capital – Common equity tier 1	**1 016**	**993**
Subordinated loans qualifying as Tier 1 capital	0	0
Deduction of goodwill and other intangibles [1]	0	0
Provision shortfall [2]	0	0
Investments >10 FIs, exceeding 10% threshold	0	0
CRD IV eligible Tier 1 hybrids	0	0
Investments >10 FIs, exceeding 10% threshold	0	0
Excess deductions allocated to CET 1 capital	0	0
Minority interests counting as additional Tier 1 capital	0	0
Available capital – Tier 1	**1 016**	**993**
Supplementary capital – Tier 2	186	172
Provision shortfall [2]	0	0
IRB excess provision	0,0	0,8
Investments >10 FIs, exceeding 10% threshold	0	0
Minority interests counting as Tier 2 capital	0	0
Available Tier 3 funds	0	0
BIS capital	**1 202**	**1 166**
Risk weighted assets	***4 924***	***4 716***
Common equity Tier 1 ratio	20,63%	21,06%
Tier 1 ratio	20,63%	21,06%
Total Capital ratio	**24,42%**	**24,72%**

Capital Instruments

Capital instruments main features – at 31 December 2021		CET1	T2
1	Issuer	ING Luxembourg SA	ING Luxembourg SA
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Not listed	N/A
3	Governing law(s) of the instrument	Laws of the Grand Duchy of Luxembourg	Laws of the Grand Duchy of Luxembourg
Regulatory treatment			
4	Transitional CRR rules	Common Equity Tier 1	Tier 2
5	Post-transitional CRR rules	Common Equity Tier 1	Tier 2
6	Eligible at solo / (sub-)consolidated / solo&(sub) consolidated	solo&(sub-)consolidated	solo&(sub-)consolidated
7	Instrument type (types to be specified by each jurisdiction)	Shares of a public limited liability company	Subordinated liability
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date). Specify in particular if some parts of the instruments are in different tiers of the regulatory capital and if the amount recognised in regulatory capital is different from the amount issued.	EUR 604.6 (o/w EUR 83.4 subscribed capital and EUR 521.2 of share premium)	USD 211
9	Nominal amount of instrument	EUR 83,400,000	USD 211,000,000
9a	Issue price	N/A	100
9b	Redemption price	N/A	100
10	Accounting classification	Shareholders' equity	Liability – amortised cost
11	Original date of issuance	15 September 1960	03 March 2017
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	no maturity	03 March 2027
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	03 March 2022 or at all times, partially or in a whole, if the loan does not any more qualify as Tier 2 capital
16	Subsequent call dates, if applicable	N/A	If not redeemed on 03 March 2022 then early redemption is possible in a whole at each interest payment date after 03 March 2022
Coupons / dividends			
17	Fixed or floating dividend/coupon	Floating	Floating
18	Coupon rate and any related index	N/A	6M Libor USD +224,5bps
19	Existence of a dividend stopper	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Partially discretionary	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Mandatory
21	Existence of step up or other incentive to redeem	N/A	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	No	No
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, fully or partially	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated liabilities (column T2)	Unsecured senior debt, including eligible deposits
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A

Own funds

The CRR requires ING Luxembourg to disclose a reconciliation of common equity Tier 1 and Tier 2 items with the balance sheet in the audited financial statement

Template EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements		
		Balance sheet as in the financial statements
		As at period end
	Assets - *Breakdown by asset classes according to the balance sheet in the financial statements*	
1	Cash and balances with central banks	8 647 894 656
2	Loans and advances to banks	3 524 941 165
3	Financial assets at fair value through profit or loss	
4	Financial assets at fair value through other comprehensive income	298 248 882
5	Securities at amortised cost	1 679 655 699
6	Loans and advances to customers	9 008 346 545
7	Investments in associates and joint ventures	20 806 064
8	Property and equipment	9 130 071
9	Intangible assets	570 829
10	Current tax assets	
11	Deferred tax assets	
12	Other assets	116 041 401
13	Assets held for sale	
14	**Total assets**	**23 305 635 312**
	Liabilities - *Breakdown by liability classes according to the balance sheet in the financial statements*	
15	Deposits from banks	2 411 916 416
16	Customer deposits	18 833 268 790
17	Financial liabilities at fair value through profit or loss	
18	Current tax liabilities	77 313 032
19	Deferred tax liabilities	875 312
20	Provisions	57 969 247
21	Other liabilities	386 506 524
22	Liabilities held for sale	
23	Debt securities in issue	458 310
24	Subordinated loans	486 297 016
25	**Total liabilities**	**22 254 604 647**
	Shareholders' Equity	
26	Share capital and share premium	604 642 531
27	Other reserves	346 870 001
28	Retained earnings (incl. profit for the period)	99 518 133
29	Shareholders' equity (parent)	
30	Non-controlling interests	
31	**Total shareholders' equity**	**1 051 030 665**

Countercyclical buffer

Following Luxembourg CounterCyclical buffer increase from 0,25% to 0.50% in January 2021, ING Luxembourg specific CounterCyclical Buffer increased from 0.20% to 0.40% in 2021. See below an overview of the exposure distribution for the most relevant countries.

Countercyclical buffer 2021

	Relevant credit exposures value		Trading book exposures	Securisation exposures	Own funds requirement			Total	Own funds requirements weights	Counter-cyclical capital buffer rate	Weighted CcyB rate
	SA	IRB	Value of trading book exposure for internal models		of which : relevant credit exposures value	of which : Trading book exposures	of which : securisation exposures				
2021											
Bulgaria	0	9 210	0	0	1 078	0	0	1 078	0,00%	0,500%	0,000%
Czech Republic	32 080	10 368	0	0	179	0	0	179	0,00%	0,500%	0,000%
Hong Kong	0	40 843 832	0	0	19 181	0	0	19 181	0,01%	1,000%	0,000%
Luxembourg	170 643 877	5 782 450 546	0	1 407 375 217	143 848 300	0	33 525 347	177 373 646	79,29%	0,500%	0,396%
Norway	0	132 361 572	0	0	501 217	0	0	501 217	0,22%	1,000%	0,002%
Slovakia	0	5 535	0	0	44	0	0	44	0,00%	1,000%	0,000%
Others without CcyB	806 157	2 202 885 592	0	628 817 618	37 118 750	0	8 686 662	45 805 412	20,48%	0,000%	0,000%
	171 482 114	**8 158 566 655**	**0**	**2 036 192 835**	**181 488 748**	**0**	**42 212 009**	**223 700 757**	**100,00%**		**0,399%**

Countercyclical buffer 2020

	Relevant credit exposures value		Trading book exposures	Securisation exposures	Own funds requirement			Total	Own funds requirements weights	Counter-cyclical capital buffer rate	Weighted CcyB rate
	SA	IRB	Value of trading book exposure for internal models		of which : relevant credit exposures value	of which : Trading book exposures	of which : securisation exposures				
2020											
Bulgaria	0	17 300	0	0	838	0	0	838	0,00%	0,500%	0,000%
Czech Republic	0	7 829	0	0	122	0	0	122	0,00%	0,500%	0,000%
Hong Kong	0	50 662 116	0	0	19 681	0	0	19 681	0,01%	1,000%	0,000%
Luxembourg	165 250 244	5 854 298 538	0	1 046 482 088	156 405 044	0	24 604 107	181 009 150	78,85%	0,250%	0,197%
Norway	0	142 355 122	0	0	557 793	0	0	557 793	0,24%	1,000%	0,002%
Slovakia	0	5 295	0	0	49	0	0	49	0,00%	1,000%	0,000%
Others without CcyB	1 097 266	2 479 876 147	0	400 666 169	41 515 285	0	6 458 690	24 474 685 792	20,90%	0,000%	0,000%
	166 347 510	**8 527 222 347**	**0**	**1 447 148 258**	**198 498 810**	**0**	**31 062 796**	**24 656 273 424**	**100,00%**		**0,200%**

Amount of institution-specific CCyB

	2021	2020
Total risk exposure amount	4 923 860 083	4 716 174 791
Institution specific countercyclical capital buffer requirement	0,40%	0,20%
Countercyclical buffer requirement	19 635 362	9 415 497

Leverage ratio

The Leverage ratio is a CRR/CRD IV measure indicating the level of the Tier 1 Capital compared to the total exposure. Its aim is to assess the risk of excessive leverage of the institution. In line with the regulatory requirements, ING Luxembourg will use the specific EBA templates as basis for the presentation of its Leverage ratio. These EBA templates reflect the Leverage ratio as calculated under the requirements of the CRR/CRD. The Final Draft Implementing Technical Standards (ITS) on disclosure of the leverage ratio have been approved by the European Commission and published in the EU Official Journal early 2016. The official reporting of the Delegated Act Leverage ratio to the ECB has commenced per September 2016.

In 2021, the ECB decided to prolong the temporary exclusion until the end of March 2022 of certain central bank exposures from the leverage ratio in view of the Covid-19 pandemic. As a result, ING Luxembourg leverage ratio on 31 December 2021 temporarily increased to 6.0% due to the exclusion of €8.6 billion of central bank balances from leverage exposure. Without the exclusion, the leverage ratio would have been 4.0% at 31 December 2021.

Template EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		31 December 2021	31 December 2020
		Applicable amounts	Applicable amounts
1	Total assets as per published financial statements	23 836 927	18 354 014
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0	0
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 'CRR')		
4	Adjustments for derivative financial instruments[1]	152 804	116 183
5	Adjustments for securities financing transactions 'SFTs'		
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1 591 864	1 578 250
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)		
EU-6b	(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	-8 638 906	-3 854 501
7	Other adjustments[1]	-18 803	-22 796
8	**Total leverage ratio exposure**	**16 923 886**	**16 171 150**

Template EU LR2 - LRCom: Leverage ratio common disclosure		31 December 2021	31 December 2020
		CRR/CRD IV phased in	CRR/CRD IV phased in
		CRR leverage ratio exposures	CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	23 836 927,03	18 354 014,00
2	(Asset amounts deducted in determining Tier 1 capital)	- 16 268,75	- 22 796,00
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**23 820 658,28**	**18 331 218,00**
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	77 473,27	45 962,00
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	75 330,86	70 222,00
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	- 2 534,00	-
11	**Total derivative exposures (sum of lines 4 to 10)**	**150 270,13**	**116 184,00**
16	**Total securities financing transaction exposures (sum of lines 12 to 15a)**	-	-
Other off-balance sheet exposures			
17	Off-balance sheet exposures at gross notional amount	1 591 863,75	1 578 250,00
18	(Adjustments for conversion to credit equivalent amounts)		
19	**Other off-balance sheet exposures (sum of lines 17 to 18)**	**1 591 863,75**	**1 578 250,00**
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance			
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))		
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	- 8 638 905,95	- 3 854 501,00
Capital and total exposures			
20	Tier 1 capital[1]	1 015 910,60	993 183,00
21	**Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)**	**16 923 886,22**	**16 171 151,00**
Leverage ratio			
22	**Leverage ratio**	**6,00%**	**6,14%**
Choice on transitional arrangements and amount of derecognised fiduciary items			
EU-23	Choice on transitional arrangements for the definition of the capital measure	Fully phase in	Fully phase in
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013		

Disclosure on qualitative items		
1	Description of the processes used to manage the risk of excessive leverage	ING Luxembourg estimates the leverage ratio on a daily basis
2	Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers	In 2021, the leverage ratio is slightly decreased due to mainly an increase of the total balance sheet. We still have the temporary exclusion of eligible Central Bank exposures (EUR -8.6 billion).

Funding & liquidity risk

Funding and liquidity risk is the risk that ING Luxembourg cannot meet its financial liabilities when they come due, at reasonable cost and in a timely manner.

To protect ING Luxembourg and its depositors against liquidity risks, ING Luxembourg maintains a liquidity buffer based on the Delegated Act Liquidity Coverage Ratio (LCR). The local Asset & Liabilities committee ensures that sufficient liquidity is maintained, in accordance with Bank and regulatory rules and standards, including a buffer of unencumbered, high quality liquid assets.

As part of the liquidity buffer management, ING Luxembourg monitors the existing asset encumbrance. Encumbered assets represent the on balance sheet assets that are pledged or used as collateral for ING Luxembourg liabilities. The presented template of ING Luxembourg's encumbered and unencumbered assets is based on the CRR (Part Eight) and the related guidance from the European Banking Authority (EBA).

Encumbered and unencumbered assets (in mln Eur)	Carrying amount of encumbered assets	Carrying amount of non-encumbered assets
Assets of the reporting institution	161	23 833
Loans on demand	2	9 612
Equity instruments	-	2
Debt securities	36	2 003
of which: covered bonds	8	638
of which: issued by general governments	28	1 044
of which: issued by financial corporations	8	959
Loans and advances other than loans on demand	123	11 817
Of which: loans collateralised with immovable property	-	4 390
Other assets	-	399

At December 2021, a immaterial part of assets (0.67%) was given as collateral (central bank reserves and collateral given for derivatives).

Hereunder the calculation of the LCR and NSFR disclosure templates of ING Luxembourg SA at End of December 2021 :

Information on the Liquidity Coverage Ratio (LCR) ING Luxembourg
In the LCR calculation the possible impact on collateral outflows is taken into account via the outflows allocated through the Historical Look Back Approach (HLBA) and the 3-notch downgrade.
Global Treasury (GT) is responsible for the liquidity management of the liquidity buffer and manages this throughout the organization on a daily basis.
The HQLA reflected in the quantitative overview, represents a major part of the liquidity buffer of the bank.

LCR (conso)	Dec 2021	**NSFR** (conso)	Dec 2021
Liquidity Buffer	10316	Required Stable Funding	8058
Net liquidity outflows	7142	Available Stable Funding	9844
LCR surplus	3173		
LCR (%)	**144.4%**	**NSFR (%)**	**122.2%**

Conclusion with a liquidity coverage ratio of 144% and an NSFR ratio of 122% at end of Q4/2021 well above the regulatory requirements, ING Luxembourg has a sufficient buffer to face a liquidity stress of 30 days or at a longer term.

Capital Requirement Regulation (CRR)
2021 Remuneration Disclosure ING Luxembourg SA

1. Introduction

This 2021 remuneration disclosure provides detailed information on ING's remuneration policy and practices for Identified Staff, including the Executive Committee. In addition, it confirms ING's compliance with the applicable regulations on remuneration in the financial services sector.

This information is based on policies and processes applicable in 2021 and relates to the performance of year 2021.

This report should be read in conjunction with the ING Luxembourg Annual Report 2021.

2. Identified Staff selection

ING's selection of Identified Staff is based on the Regulatory Technical Standards (RTS) developed by the European Banking Authority in 2014 for this purpose.

The RTS comprises (i) qualitative and (ii) quantitative selection criteria. ING has carefully considered how to apply these criteria within its organization and, based on this, has identified positions and individuals that qualify as Identified Staff.

The selection of Identified Staff is an ongoing process with periodic checks. The starting point of this analysis is to assure a full coverage of the organizational structure, full coverage of the risk profile (financial/non-financial risks) as well as full coverage of any local regulatory requirements applicable to ING Groep NV / ING Belgium SA / ING Luxembourg SA.

The application of the Identified Staff selection criteria at ING is reviewed annually and, if necessary, amended to make sure it continues to be aligned with the ING organization and regulatory requirements.
The number of Identified Staff at ING Groep increased in 2021 (709 + 9 Supervisory Board members) compared to 2020 (691 including 8 Supervisory Board members). At ING Luxembourg level, the number of Identified Staff decreased in 2021 (16) versus 2020 (17).

3. Performance management

Performance management is a core people management process at ING. It aligns individual performance objectives with ING's strategy and priorities in order to build a sustainable and successful business for all its stakeholders. Performance management is linked to remuneration and prevents reward for failure via the risk appetite framework.

Performance management supports ING's long-term interests. Assessing the performance of Identified Staff and subsequently awarding variable remuneration to those who qualify, is done as a part of a multiple-year framework. This longer-term performance management horizon ensures that variable remuneration continues to be 'at risk' throughout the deferral period by means of holdback or after vesting through clawback if any so-called failure is detected. Variable remuneration is linked to financial and non-financial performance. At least 50% of the actual variable remuneration award is based on non-financial performance criteria. Variable remuneration takes into account company performance, business line performance and individual performance. Any undesired risks taken or compliance issues that were not apparent when the variable remuneration was awarded, are taken into account at every deferred vesting of variable remuneration.

Other specific restrictive principles apply to some categories of the staff not being qualified as Identified Staff (Sales Staff, MIFID II staff, staff in Control functions).

4. Remuneration policy and governance

ING's remuneration policy is designed to ensure that we offer well-balanced remuneration so that we can recruit, engage and retain highly qualified staff and live up to our responsibilities towards our stakeholders.

ING's remuneration policy, which applies to all staff, is embedded in ING's Remuneration Regulations Framework (IRRF). The IRRF complies with relevant international and local legislation and regulations and sets specific requirements for Identified Staff, Control Functions and the Executive Board and Management Board Banking. All countries where ING is located must adhere to this framework and are obliged to sign a certificate stating that the remuneration policy in that specific country complies with the IRRF. The only deviations that may apply are those based on mandatory local legislation or in a limited transformation period (e.g. negotiations with employee representative bodies).

Remuneration requirements for Identified Staff

Fixed remuneration

The fixed remuneration for Identified Staff is sufficiently high to compensate for the respective level of expertise, skills and range of responsibilities required for fulfilling a specific job in a business unit and region.

Benefits

Identified Staff, like other staff, are under predetermined conditions, eligible to receive various employee benefits such as pension/death/disability insurance and company car. Benefits are locally regulated and follow local market practice and therefore differ on a country-by-country basis. ING Luxembourg does not award discretionary pension benefits.

Variable remuneration

Variable remuneration, where applicable, is primarily focused on long-term value creation and based on individual, business line and bank-wide performance criteria. Where Identified Staff qualifies for variable remuneration it is subject to specific and/or regulatory conditions. In part these conditions aim to ensure the variable remuneration is aligned with the ongoing risk profile of ING Bank over a long period.

With respect to variable remuneration for Identified Staff, the following applies:
At ING Luxembourg, variable remuneration is split into 2 parts:

1. An upfront award, which is delivered for 50 % in cash and for 50 % in shares or other equity-linked instruments
2. A deferred award, which is delivered for 50 % in cash and for 50 % in shares or other equity-linked instruments

At ING Luxembourg, 40 % of the variable remuneration is deferred over a period of 3 to 5 years (depending on job position) with a tiered vesting schedule.

A retention period of at least 1 year is applied to all non-cash elements post vesting; and vesting is conditional on continued employment, provided limited exceptions.

Sign-on

A Sign-On Arrangement is a form of guaranteed Variable Remuneration that is only awarded in exceptional cases and relates to the commencement of employment and is not based on performance. In the event of a Sign-On Arrangement, Remuneration is paid to new staff during their first year of service in view of their employment with ING. As part of the arrangements guaranteeing this part of Variable Remuneration the requirements on In-year VR reduction, Holdback and Clawback do not apply. Sign-On Arrangements may be fully paid in non-deferred cash.

The Sign-On Arrangement is solely awarded if the following cumulative conditions apply :

I. it can be substantiated that the Sign-On Arrangement regards an exceptional case;
II. to a new staff member in view of their employment at ING;
III. during the first year of service of the new staff member;
IV. if the staff member did not work at ING in the year prior to being hired; and
V. if ING has a sound and strong capital base.

Staff can only be awarded a Sign-On Arrangement once. This requirement applies at a consolidated and sub-consolidated level and includes situations where staff receive a new contract from another ING entity.
A pay out of a Sign-On Arrangement in non-deferred cash can be considered appropriate.

Sign-On Arrangements awarded to new staff are excluded from the VR-Ratio for the first performance period.

Buy-out

A Buy-Out Arrangement is a form of Variable Remuneration that is only awarded in exceptional cases and relates to the commencement of employment of new staff members – in both IDS and non-IDS roles – whose previous employment was with a Regulated Firm.. In case of a Buy-Out Arrangement, ING offers compensation for deferred Variable Remuneration awarded by a prior employer that that is reduced or revoked by the previous employer as a direct result of leaving the former employer and joining ING. The value of a Buy-Out Arrangement can never be more than the value of the reduced or revoked deferred Variable Remuneration.

The Buy-Out Arrangement is solely awarded if the following cumulative conditions apply::

I. it can be substantiated that the Buy-Out Arrangement regards an exceptional case;
II. to a new staff member in view of their employment at ING and whose previous employment – i.e. the employment directly previous to the new ING employment – was with a Regulated Firm;;
III. during the first year of service of the new staff member ;
IV. if the staff member did not work at ING in the year prior to being hired; and
V. if ING has a sound and strong capital base.

New staff members – in both IDS and non-IDS roles – whose previous employment was not with a Regulated Firm cannot be offered a Buy-Out Arrangement. For those new staff members a Sign-On Arrangement is an option to compensate for reduced or revoked Variable Remuneration under the assumption that all required conditions are met.

The Buy-Out Arrangement should not compensate new staff for a loss of Variable Remuneration or for Variable Remuneration that has already been compensated. Within three months after the commencement date of the ING employment written evidence (i.e. an overview of the deferred Variable Remuneration at the former employer accompanied by written proof of the former employer stating that this deferred remuneration will indeed be reduced or revoked and will not be compensated by the former employer) needs to be provided to ING. The value of the forfeited deferred shares or other instruments will be valued at the date of joining ING.

For Buy-Out Arrangements all requirements for Variable Remuneration apply, including, deferral, Retention Periods, pay out in instruments, Holdback and Clawback. To ensure that Buy-Out Arrangements do not provide for an inappropriate incentive to change jobs, Buy-Out Arrangements are subject to the vesting schedule of the previous employer (adjusted to ING vesting dates) to the extent ING deems possible. The duration of Retention Periods, deferral, Holdback and Clawback arrangements applied to a Buy-Out Arrangement must be no shorter than such duration as was applied and remained outstanding at the previous employer.

Severance Payments

The following principles apply to Severance Payments, without prejudice to local mandatory laws that require ING to act otherwise:

I I. Severance Payments are compliant with the Remuneration Regulations, any locally applicable employment law, and any conditions that apply to Variable Remuneration.

II II. ING applies the principle of "no reward for failure or misconduct". Failures of staff include, but are not limited to, the following situations: (i) where Identified Staff is no longer considered as meeting appropriate standards of fitness and propriety; (ii) where staff participated in or is responsible for conduct which resulted in significant losses for ING; (iii) where staff acts contrary to internal rules, values or procedures based on intent or gross negligence.

III III. Severance Payments do not provide for disproportionate reward and are linked to performance achieved over time. In particular, failure of staff members could lead to a reduction of the amount of Severance Payments, possibly down to zero.

IV IV. ING will, in principle, only agree on amicable settlement (i.e. a termination by mutual consent) with a relevant staff member with regard to early termination of employment to avoid a decision on a settlement by the competent court if (i) there are prudential reasons to do so; and (ii) the amount of Severance Payment is appropriate and does not reward failure or misconduct.

V V. ING will not pay-out any form of Severance Payment to a staff member in the event of: (i) early termination of the employment relationship at the initiative of the staff member, unless this results from seriously imputable acts or failures on the part of ING; (ii) seriously imputable acts or failures by the staff member in the performance of his or her position; or (iii) the staff member continuing to work for ING.

Variable remuneration cap

ING integrated the rules set out in the applicable laws and regulation within its remuneration policy and applies maximum percentages of variable remuneration compared to fixed remuneration for different categories of staff.

At ING Luxembourg, for all Identified and Regulated Staff, the variable remuneration must not exceed 50 % of the fixed remuneration (benefits included). For the rest of the staff, the ratio (Variable to Fixed) does not exceed 100% of the Fixed Remuneration.

Remuneration governance

At ING Group level, the Remuneration Committee advises the Supervisory Board on remuneration decisions, with the support of ING's functions (e.g. Finance, Risk, CAS, Compliance, Legal and HR). To ensure the Nomination & Remuneration Committee receives adequate and accurate information, there are compensation committees in place in the business lines. In addition, remuneration is a key topic of review of CAS.

At local level, the ING Luxembourg Nomination and Remuneration Committee (in its remuneration part) advises the ING Luxembourg Board of Management on remuneration decisions and remuneration policy changes. The local nomination & remuneration committee has met several times in 2021 in order to discuss:

1. the changes and the application of the IRRF 2021 and the ING Belgium Remuneration policies (applicable to ING Luxembourg)
2. individual compensation proposals for Identified and Regulated staff

The roles and responsibilities of the Nomination & Remuneration Committee of ING Groep NV are outlined in the Charter of the Nomination & Remuneration Committee. Those of the local Nomination and Remuneration Committee are outlined in the General Governance manual of ING Luxembourg SA and in the charter of the Nomination and Remuneration Committee.

Quantitative information

Remuneration of Identified Staff at ING Luxembourg SA in relation to performance year 2021.

Number of Identified Staff: 16 internal IDS (+ 5 external Supervisory Board members)

Annual fixed Remuneration granted (benefits excluded) : € 2.946.484

Variable Remuneration granted : € 623.650

Number of Identified Staff with total 2021remuneration above € 1.000.000 : none

Reduced amount through performance adjustment (holdback/clawback) : none