ING Luxembourg
Pillar 3 Disclosure 2022

Basel III (Pillar 3 disclosure)

As a sub-subsidiary of ING Bank, 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.

	Subjects	Annual Report	Pillar III
These sections show ING Luxembourg's approach to risk management and governance arrangements	Introduction to risk sections	7-8	
	Introduction to Pillar III		4
	Risk governance		6
	Governance arrangements		7

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 Credit quality		10 18

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

	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	
	Liquidity Coverage Ratio		22

Non-Financial Risk

	Subjects	Annual Report	Pillar III
Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.	Operational Risk	10	
	Compliance Risk	11	
	Legal 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.	Central Control & Policy team	12	
			10

Capital Management

	Subjects	Annual Report	Pillar III
Capital risk management 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		10
	Capital instruments		15
	Own funds		13
	Countercyclical Buffers		12
	Leverage Ratio		16

Remuneration

	Subjects	Pillar 3 Specific disclosure	Pillar III
The ING Luxembourg Pillar 3 disclosure on remuneration provides 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 Regulations

CSSF circulars (CSSF *17/673 - 18/676* - 23/830)

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).

Considering the full overlap of the Implementing Technical Standards on Pillar 3 disclosures published subsequently (Commission Implementing Regulation (EU) 2021/637) with earlier requirements, EBA has reapealed these Guidelines in October 2022. In line, the CSSF Circular 23/830 has reapealed the linked circularas (17/673 and 18/676).

European Regulations

EU Commission Implementing Regulation (2021/637) laying down disclosure requirements under Part Eight of Regulation (EU) 575/2013

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 III 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 comprehensive disclosure requirements seat out in the Implementing Technical Standards on Pillar 3 disclosures based on the Commission Implementing Regulation (EU) 2021/637 include disclosures requirements previously specified in several EBA guidelines which are therefore reapealed (e.g. EBA/GL/2016/11 and EBA/GL/2017/01).

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 are located in the Pillar III report:

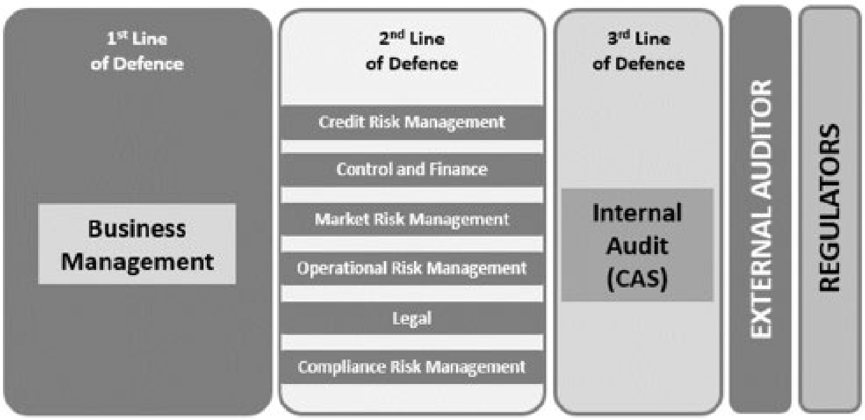
Disclosure index EBA guidelines

Capital requirements	EU OV1	Overview of RWA	10
Key metrics indicators	EU KM1	Key metrics template	11
Countercyclical buffer	EU CCyB1	Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	12
Countercyclical buffer	EU CCyB2	Amount of institution-specific countercyclical capital buffer	12
Own Funds	EU CC1	Composition of regulatory own funds	13
Own Funds	EU CC2	Reconciliation of regulatory own funds to balance sheet in the audited financial statement	14
Capital instruments	EU CCA	Capital instruments main features	15
Leverage Ratio	EU LR1	Summary reconciliation of accounting assets and leverage ratio exposures	16
Leverage Ratio	EU LR2	Leverage ratio common disclosure	17
Credit quality	EU CR1	Performing and non-performing exposures and related provisions	18
Credit quality	EU CQ1	Credit quality of forborne exposures	18
Credit quality	EU CQ3	Credit quality of performing and non-performing exposures by past due days	20
Funding & liquidity risk	EU AE1	Encumbered and unencumbered assets	21
Funding & liquidity risk	EU LIQ1	Quantitative information of LCR	22
Funding & liquidity risk	EU LIQB	Qualitative information on LCR	22
Funding & liquidity risk	EU LIQ2	Net Stable Funding Ratio	23

EBA guidelines on disclosure of non-performing and forborne exposures (EBA/GL/2018/10, as amended by EBA/GL/2022/13). 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, and were amended by EBA/GL/2022/13, applicable as of 31st December 2022

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 of 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, as 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 others, 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 (ARC)
- 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 Credit 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 Chief Risk Officer, the Executive Committee members, the Audit Committee, the Risk Committee and the Board of Directors have a regular 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 2022 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.

Template EU OV1: Overview of RWAs (in EUR mln)

	RWA amounts		Minimum capital requirements	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Credit risk (excluding counterparty credit risk) (CCR)	**3 612**	**3 888**	**289**	**311**
Of which Standardised Approach (SA)	540	275	43	22
Of which Advanced Internal Rating Based (AIRB) Approach	3 065	3 607	245	289
Of which Equity IRB under the simple risk-weight or the Internal Model Approach (IMA)	7	6	1	1
Counterparty credit risk (CCR)	**34**	**21**	**3**	**2**
Of which Marked to Market				
Of which Original Exposure				
Of which Standardised Approach (SA)				
Of which Internal Model Method (IMM)				
Of which risk exposure amount for contributions to the default fund of a CCP				
Of which Credit Value Adjustment (CVA)	34	21	3	2
Settlement risk	**0**	**0**	**0**	**0**
Securitisation exposures in banking book (after cap)	**346**	**390**	**28**	**31**
Of which IRB Approach	346	390	28	31
Of which IRB Supervisory Formula Approach (SFA)				
Of which Internal Assessment Approach (IAA)				
Of which Standardised Approach (SA)				
Market risk	**1**	**50**	**0**	**4**
Of which Standardised Approach (SA)				
Of which Internal Model Approach (IMA)	1	50	0	4
Large exposures	**0**	**0**	**0**	**0**
Operational risk	**590**	**575**	**47**	**46**
Of which Basic Indicator Approach	590	575	47	46
Of which Standardised Approach (SA)				
Of which Advanced Measurement Approach				
Amounts below the thresholds for deduction (subject to 250% risk weight)	**0**	**0**	**0**	**0**
Floor adjustment	**0**	**0**	**0**	**0**
Total	**4 583**	**4 924**	**367**	**394**

On a year-on-year basis, ING Luxembourg's risk weighted assets decreased by EUR 341mln. Main RWA drivers were the decrease in intercompany lending (EUR -181 mln), less RWA on TRPP activity (EUR -93 mln) and the stop of the FX trading activity in Luxembourg which considerably reduced the amount of Market risk RWA (EUR -49 mln).

Key metrics indicators

According to CRR/CRD 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.

ING Luxembourg's regulatory capital consists only of Common Equity Tier 1 capital. Compared to last exercise, ING Luxembourg does not hold Tier 2 capital anymore, the subordinated loan denominated in USD has been redeemed in March 2022.

ING Luxembourg's Pillar 2 Requirement and guidance have been abandoned as of the 1st of March 2022 following the change of ING Luxembourg's SREP approach from targeted to proportionate.
With a total capital ratio of 22.89% at year-end 2022, ING Luxembourg is well in excess of the 10.94% total capital Maximum Distribuable Amount. This requirement is the sum of (i) 8% Pillar 1 requirement, (ii) the 2.5% capital conservation buffer and (iii) 0.44 % for the institution-specific countercyclical buffer.

The template below shows an overview of the main prudential solvency and liquidity ratios of ING Luxembourg.

Template EU KM1 - Key metrics template

		31 December 2022	31 December 2021
	Available own funds (amount)		
1	Common Equity Tier 1 (CET1) capital	1 048 778 103	1 015 910 597
2	Tier 1 capital	1 048 778 103	1 015 910 597
3	Total capital	1 048 778 103	1 202 207 613
	Risk-weighted exposure amount		
4	Total risk exposure amount	4 582 797 889	4 923 860 083
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	22.89%	20.63%
6	Tier 1 ratio (%)	22.89%	20.63%
7	Total capital ratio (%)	22.89%	24.42%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)		
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)		
EU 7b	of which: to be made up of CET1 capital (percentage points)	4.50%	5.20%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	6.00%	6.94%
EU 7d	Total SREP own funds requirements (%)	8.00%	9.25%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.44%	0.40%
EU 9a	Systemic risk buffer (%)		
10	Global Systemically Important Institution buffer (%)		
EU 10a	Other Systemically Important Institution buffer (%)	0.00%	0.00%
11	Combined buffer requirement (%)	2.94%	2.90%
EU 11a	Overall capital requirements (%)	10.94%	12.15%
12	CET1 available after meeting the total SREP own funds requirements (%)	11.95%	12.27%
	Leverage ratio		
13	Total exposure measure	21 728 277	16 923 886
14	Leverage ratio (%)	4.83%	6.00%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)		
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU 14b	of which: to be made up of CET1 capital (percentage points)		
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)		
EU 14d	Leverage ratio buffer requirement (%)		
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%
	Liquidity Coverage Ratio (LCR)		
15	Total High-Quality Liquid Assets (HQLA) (Weighted value -average)	8 117 342 313	10 315 530 347
EU 16a	Cash outflows - Total weighted value	7 892 056 510	9 452 461 898
EU 16b	Cash inflows - Total weighted value	1 831 481 721	2 310 192 884
16	Total net cash outflows (adjusted value)	6 060 574 789	7 142 269 014
17	LCR (%)	133.94%	144.43%
	Net Stable Funding Ratio (NSFR)		
18	Total available stable funding	10 342 553 990	9 844 497 511
19	Total required stable funding	8 261 508 690	8 057 992 752
20	NSFR (%)	125.19%	122.17%

Countercyclical buffer

The Luxembourg CounterCyclical buffer remains stable at 0.50% and ING Luxembourg specific CounterCyclical Buffer at 0.44% in 2022. See below an overview of the exposure distribution for the most relevant countries (having in place or announced a countercyclical buffer rate larger than 0%).

Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer 2022

	Relevant credit exposures value		Trading book exposures		Own funds requirement						
	SA	IRB	Value of trading book exposure for internal models	Securisation exposures	of which : relevant credit exposures value	of which : Trading book exposures	of which : securisation exposures	Total	Own funds requirements weights	Counter-cyclical capital buffer rate	Weighted CcyB rate
2022											
Bulgaria		6 129			664			664	0,00%	1,000%	0,00%
Czech Republic		12 221			178			178	0,00%	1,500%	0,00%
Denmark		59 257			1 018			1 018	0,00%	2,000%	0,00%
Hong Kong		67 950 172			23 230			23 230	0,01%	1,000%	0,00%
Iceland	7 544	17 471			2 760			2 760	0,00%	2,000%	0,00%
Luxembourg	697 143 678	4 965 274 837		1 583 495 888	137 533 820		26 375 138	163 908 957	77,84%	0,500%	0,39%
Norway		166 003 341			1 480 206			1 480 206	0,70%	2,000%	0,01%
Slovakia		5 528			36			36	0,00%	1,000%	0,00%
Sweden	5 992	94 102 684			732 694			732 694	0,35%	1,000%	0,00%
United Kingdom	10 055	143 714 181		187 511 719	3 755 647		2 250 141	6 005 788	2,85%	1,000%	0,03%
Others without CcyB	4 484 792	1 984 107 173	0	361 669 978	34 244 521	0	4 172 941	38 417 462	18,25%	0,000%	0,00%
	701 652 062	**7 421 252 994**	**0**	**2 132 677 584**	**177 774 772**	**0**	**32 798 219**	**210 572 992**	**100,00%**		**0,44%**

Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer 2021

	Relevant credit exposures value		Trading book exposures		Own funds requirement						
	SA	IRB	Value of trading book exposure for internal models	Securisation exposures	of which : relevant credit exposures value	of which : Trading book exposures	of which : securisation exposures	Total	Own funds requirements weights	Counter-cyclical capital buffer rate	Weighted CcyB rate
2021											
Bulgaria		9 210			1 078			1 078	0,00%	0,500%	0,00%
Czech Republic	32 080	10 368			179			179	0,00%	0,500%	0,00%
Hong Kong		40 843 832			19 181			19 181	0,01%	1,000%	0,00%
Luxembourg	170 643 877	5 782 450 546		1 407 375 217	143 848 300		33 525 347	177 373 646	79,29%	0,500%	0,40%
Norway		132 361 572			501 217			501 217	0,22%	1,000%	0,00%
Slovakia		5 535			44			44	0,00%	1,000%	0,00%
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%	0,00%
	171 482 114	**8 158 566 655**	**0**	**2 036 192 835**	**181 488 748**	**0**	**42 212 009**	**223 700 757**	**100,00%**		**0,40%**

Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer

	2022	2021
Total risk exposure amount	4 582 797 889	4 923 860 083
Institution specific countercyclical capital buffer requirement	0.44%	0.40%
Countercyclical buffer requirement	20 164 311	19 635 362

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 CC1 - Composition of regulatory own funds

		31 December 2022
		Amounts
Common Equity Tier 1 (CET1) capital: instruments and reserves		
1	Capital instruments and the related share premium accounts	604 642 531
	of which ordinary shares	604 642 531
2	Retained earnings	406 451 333
3	Accumulated other comprehensive income (and other reserves)	48 566 449
EU-3a	Funds for general banking risk	0
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	0
5	Minority interests (amount allowed in consolidated CET1)	0
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1 059 660 312**
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	-7 047 117
8	Intangible assets (net of related tax liability) (negative amount)	0
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	0
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	5 398 925
12	Negative amounts resulting from the calculation of expected loss amounts	0
13	Any increase in equity that results from securitised assets (negative amount)	0
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0
15	Defined-benefit pension fund assets (negative amount)	-1 573 694
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	0
27a	Other regulatory adjustments	-7 660 322
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-10 882 209**
29	**Common Equity Tier 1 (CET1) capital**	**1 048 778 103**
Additional Tier 1 (AT1) capital: instruments		
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**0**
Additional Tier 1 (AT1) capital: regulatory adjustments		
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**0**
44	**Additional Tier 1 (AT1) capital**	**0**
45	**Tier 1 capital (T1 = CET1 + AT1)**	**1 048 778 103**
Tier 2 (T2) capital: instruments		
51	**Tier 2 (T2) capital before regulatory adjustments**	**0**
Tier 2 (T2) capital: regulatory adjustments		
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**0**
58	**Tier 2 (T2) capital**	**0**
59	**Total capital (TC = T1 + T2)**	**1 048 778 103**
60	**Total Risk exposure amount**	**4 582 797 889**
Capital ratios and requirements including buffers		
61	Common Equity Tier 1 capital	22.89%
62	Tier 1 capital	22.89%
63	Total capital	22.89%
64	Institution CET1 overall capital requirements	10.94%
65	of which: capital conservation buffer requirement	2.50%
66	of which: countercyclical capital buffer requirement	0.44%
67	of which: systemic risk buffer requirement	0.00%
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.00%
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	0.00%
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	**11.95%**

Template EU CC2 - Reconciliation of regulatory own funds to balance sheet in the financial statements

		Balance sheet as in the financial statements	Balance sheet as in the consolidated accounts
		LUXGAAP	IFRS
		31 December 2022	31 December 2022
Assets - *Breakdown by asset classes according to the balance sheet in the financial statements*			
1	Cash and balances with central banks	6 857 757 305	6 857 739 281
2	Financial assets held for trading	524 359 520	572 691 461
3	Loans and advances to banks	2 203 093 130	2 209 730 647
4	Financial assets at fair value through profit or loss		
5	Financial assets at fair value through other comprehensive income		142 822 881
6	Securities at amortised cost	1 711 755 987	1 598 138 537
7	Loans and advances to customers	9 202 064 803	9 337 449 374
8	Derivatives - Hedge accounting	173 652 687	180 374 087
9	Fair value changes of the hedged items in portfolio hedge of interest rate risk	-63 906 322	-63 906 322
10	Investments in associates and joint ventures	21 386 748	0
11	Property and equipment	9 970 381	86 585 955
12	Intangible assets	434 460	434 460
13	Current tax assets	0	141 897
14	Deferred tax assets	3 744 579	9
15	Other assets	288 929 844	257 494 806
16	Assets held for sale	0	0
	Total assets	**20 933 243 122**	**21 179 697 072**
Liabilities - *Breakdown by liability classes according to the balance sheet in the financial statements*			
1	Financial liabilities held for trading	527 161 652	582 933 779
2	Deposits from banks	1 103 864 604	1 104 491 923
3	Customer deposits	17 556 395 501	17 498 673 940
4	Financial liabilities at fair value through profit or loss		
5	Derivatives - Hedge accounting	83 274 548	98 668 820
6	Current tax liabilities	92 512 365	78 325 208
7	Deferred tax liabilities	0	28 544 401
8	Provisions	13 221 054	2 890 922
9	Other liabilities	466 990 993	579 986 219
10	Liabilities held for sale		
11	Debt securities in issue	459 403	459 403
12	Subordinated loans		
	Total liabilities	**19 843 880 120**	**19 974 974 615**
Shareholders' Equity			
1	Share capital and share premium	604 642 531	604 642 531
2	Other reserves	364 875 935	5 845 404
3	Retained earnings (incl. profit for the period)	119 844 536	580 452 003
4	Shareholders' equity (parent)		
5	Non-controlling interests	0	13 782 518
	Total shareholders' equity	**1 089 363 002**	**1 204 722 456**
	Total liabilities and shareholders' equity	**20 933 243 122**	**21 179 697 072**

Capital Instruments

Capital instruments main features – at 31 December 2022		
		CET1
1	Issuer	ING Luxembourg SA
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Not listed
3	Governing law(s) of the instrument	Laws of the Grand Duchy of Luxembourg
Regulatory treatment		
4	Transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at 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
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)
9	Nominal amount of instrument	EUR 83,400,000
9a	Issue price	N/A
9b	Redemption price	N/A
10	Accounting classification	Shareholders' equity
11	Original date of issuance	15 September 1960
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
Coupons / dividends		
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Partially discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, fully or partially	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

Leverage Ratio

The Leverage Ratio is a CRR/CRD 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 applicable 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.

Template EU LR1 - LRSum: Summary reconciliation of accounting assets and Leverage Ratio exposures (in EUR mln)

		31 December 2022	31 December 2021
		Applicable amounts	Applicable amounts
1	Total assets as per IFRS consolidated financial statements	21 180	23 837
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation		
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	Adjustment for derivative financial instruments[1]	-555	153
5	Adjustment for securities financing transactions 'SFTs'		
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	1 167	1 592
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)	0	-8 639
7	Other adjustments[1]	-64	-19
8	**Total Leverage Ratio exposure**	**21 728**	**16 924**

1 The adjustment for Receivables for cash variation margin provided in derivatives transactions has been included in the line Other adjustments.

Template EU LR2 - LRCom: Leverage Ratio common disclosure (in EUR mln)

		31 December 2022	31 December 2021
		CRR/CRD IV phased in CRR leverage ratio exposures	CRR/CRD IV phased in 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)	20 427	23 837
2	(Asset amounts deducted in determining Tier 1 capital)	- 3	- 16
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**20 423**	**23 821**
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	120	77
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	78	75
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	- 61	- 3
11	**Total derivative exposures (sum of lines 4 to 10)**	**138**	**150**
Securities financing transaction exposures			
16	**Total securities financing transaction exposures**	**-**	**-**
Other off-balance sheet exposures			
17	Off-balance sheet exposures at gross notional amount	1 167	1 592
18	(Adjustments for conversion to credit equivalent amounts)		
19	**Other off-balance sheet exposures (sum of lines 17 to 18)**	**1 167**	**1 592**
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))	-	- 8 639
Capital and total exposures			
20	Tier 1 capital	1 049	1 016
21	**Total Leverage Ratio exposures (sum of lines 3, 11, 16, 19)**	**21 728**	**16 924**
Leverage ratio			
22	**Leverage Ratio**	**4.83%**	**6.00%**
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 2022, the temporary exclusion of certain central bank exposures from the Leverage Ratio in view of the Covid-19 pandemic has ended. As a result, ING Luxembourg leverage ratio on 31 December 2022 decreased to 4.83%.

Credit quality

This section focusses on non-performing loans, which are loans where there is a reasonable probability that ING may encounter a loss, unless ING intervenes with specific and significant actions. In other words, in this category an account or portfolio requires a more intensified approach, which may include renegotiation of terms and conditions and/or business/financial restructuring.

The credit quality of risk exposures is presented in several tables, that were introduced in 2017 and 2021 due to changes in Pillar 3 regulations. The tables provide insight in the credit quality per exposure class or counterparty type. These tables present the gross carrying values, consisting of on- and off-balance sheet exposures, split over non-performing / performing, specific risk adjustments and impairments/allowances. On-balance sheet items include loans and debt securities. Off-balance sheet items include guarantees given and irrevocable loan commitments

Performing and Non-Performing Exposures and Related Provisions

Based on the IFRS9 scope only, the template 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 EU CR1: Performing and non-performing exposures and related provisions (scope IFRS9 exposure - in EUR mln)

2022		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**	**18 341.75**	**17 363.27**	**978.71**	**67.11**	**0.00**	**67.11**	**-5.95**	**-2.61**	**-3.34**	**-7.48**	**0.00**	**-7.48**
2	Central banks	6 917.88	6 917.88	0.23	0.00	0.00	0.00	-0.02	-0.02	0.00	0.00	0.00	0.00
3	General governments	73.92	73.81	0.11	0.00	0.00	0.00	-0.01	-0.01	0.00	0.00	0.00	0.00
4	Credit institutions	2 140.12	2 139.84	0.28	0.01	0.00	0.01	-0.02	-0.01	-0.01	0.00	0.00	0.00
5	Other financial corporations	1 347.90	1 227.46	120.44	1.55	0.00	1.55	-0.65	-0.38	-0.26	-0.33	0.00	-0.33
6	Non-financial corporations	4 233.66	3 592.22	641.43	32.56	0.00	32.56	-3.42	-1.58	-1.84	-4.95	0.00	-4.95
7	Of which SMEs	299.06	264.66	34.41	5.44	0.00	5.44	-0.57	-0.33	-0.24	-1.71	0.00	-1.71
8	Households	3 628.26	3 412.05	216.21	32.99	0.00	32.99	-1.84	-0.60	-1.23	-2.20	0.00	-2.20
9	**Debt securities**	**1 739.30**	**1 544.64**	**194.66**	**0.00**	**0.00**	**0.00**	**-0.26**	**-0.26**	**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	933.73	750.07	183.66	0.00	0.00	0.00	-0.21	-0.21	0.00	0.00	0.00	0.00
12	Credit institutions	805.57	794.57	10.99	0.00	0.00	0.00	-0.05	-0.05	0.00	0.00	0.00	0.00
13	Other 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
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**	**2 210.94**	**2 042.81**	**168.13**	**4.63**	**3.93**	**0.70**	**0.00**	**0.00**	**0.00**	**-0.06**	**0.00**	**-0.06**
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	8.38	8.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Credit institutions	67.07	67.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Other financial corporations	886.53	784.98	101.55	1.01	0.81	0.20	0.00	0.00	0.00	0.00	0.00	0.00
20	Non-financial corporations	995.74	951.54	44.20	3.14	3.09	0.05	0.00	0.00	0.00	-0.06	0.00	-0.06
21	Households	253.23	230.84	22.39	0.49	0.03	0.45	0.00	0.00	0.00	0.00	0.00	0.00
22	**Total**	**22 291.99**	**20 950.72**	**1 341.50**	**71.74**	**3.93**	**67.81**	**-6.22**	**-2.88**	**-3.34**	**-7.54**	**0.00**	**-7.54**

Forborne exposures

The purpose of the first template is to provide an overview of the quality of forborne exposure. At end of December 2022, the performing forborne exposure represents EUR 11 mln and the non-performing forborne exposure represents EUR 9mln on a total asset balance sheet of EUR 20bln.

Template EU CQ1: Credit quality of forborne exposures (in EUR mln)

2022		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures	
				Of which defaulted	Of which impaired			
1	**Loans and advances**	**11.05**	**9.11**	**9.11**	**9.11**	**-0.03**	**-0.89**	**17.70**
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	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Non-financial corporations	2.26	3.37	3.37	3.37	-0.01	-0.80	3.35
7	Households	8.79	5.74	5.74	5.74	-0.02	-0.09	14.34
8	**Debt Securities**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
9	**Loan commitments given**	**0.07**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
10	**Total**	**11.11**	**9.11**	**9.11**	**9.11**	**-0.03**	**-0.89**	**17.70**

Ageing of past due exposures

The purpose of the second template is to give an insight into the ageing of the on and off-balance sheets exposures items (like given guarantees and unused credit lines) including both performing and non-performing assets.

In 2022, the non-performing exposures (EUR 72 mln) represent 0.32% of the total bank credit risk exposures (EUR 22 bln).

Template EU CQ3 : Credit quality of performing and non-performing exposures by past due days (in EUR mln)

2022		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	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**	**18 341.75**	**18 335.79**	**5.96**	**67.11**	**40.28**	**1.66**	**8.83**	**2.67**	**13.08**	**0.03**	**0.56**	**67.11**
2	Central banks	6 917.88	6 917.88	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	General governments	73.92	73.92	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Credit institutions	2 140.12	2 140.12	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.01
5	Other financial corporations	1 347.90	1 347.80	0.10	1.55	0.70	0.06	0.11	0.22	0.46	0.00	0.00	1.55
6	Non-financial corporations	4 233.66	4 232.74	0.92	32.56	22.29	0.26	0.30	0.44	8.68	0.03	0.56	32.56
7	Of which SMEs	299.06	298.91	0.15	5.44	5.14	0.00	0.00	0.00	0.30	0.00	0.00	5.44
8	Households	3 628.26	3 623.32	4.94	32.99	17.28	1.34	8.42	2.01	3.94	0.00	0.00	32.99
9	**Debt securities**	**1 739.30**	**1 739.30**	**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	933.73	933.73	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12	Credit institutions	805.57	805.57	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	Other 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
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**	**2 210.94**			**4.63**								**4.63**
16	Central banks	0.00			0.00								0.00
17	General governments	8.38			0.00								0.00
18	Credit institutions	67.07			0.00								0.00
19	Other financial corporations	886.53			1.01								1.01
20	Non-financial corporations	995.74			3.14								3.14
21	Households	253.23			0.49								0.49
22	**Total**	**22 291.99**	**20 075.08**	**5.96**	**71.74**	**40.28**	**1.66**	**8.83**	**2.67**	**13.08**	**0.03**	**0.56**	**71.74**

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.

Asset Encumbrance

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's 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 EUR mln)	Carrying amount of encumbered assets	Carrying amount of non-encumbered assets
Assets of the reporting institution	**35**	**21 143**
Loans on demand	2	6 915
Equity instruments	0	2
Debt securities	33	1 706
of which: covered bonds	8	609
of which: issued by general governments	25	908
of which: issued by financial corporations	8	797
Loans and advances other than loans on demand	0	11 477
Of which: loans collateralised with immovable property	0	4 462
Other assets	0	1 043

At December 2022, an immaterial part of assets (0.17%) was given as collateral (central bank reserves and collateral given for derivatives).

Liquidity Coverage Ratio

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.

With an average LCR of 141% in Q4 2022 well above the regulatory requirement, ING Luxembourg has a sufficient buffer to face a liquidity stress of 30 days.

Template EU LIQ1 - Quantitative information of LCR (in EUR mln)

		Year 2022				Year 2022			
		Total unweighted value (average)				Total weighted value (average)			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Number of data points used in the calculation of averages	3	3	3	3	3	3	3	3
High-Quality Liquid Assets									
1	Total high-quality liquid assets (HQLA)					9 499	10 229	9 377	10 692
Cash - Outflows									
2	Retail deposits and deposits from small business customers, of which:	3 290	3 326	3 319	3 172	299	304	304	288
3	Stable deposits	1 553	1 562	1 551	1 518	78	78	78	76
4	Less stable deposits	1 622	1 658	1 664	1 555	221	225	226	212
5	Unsecured wholesale funding	16 637	17 380	15 921	16 164	9 655	10 520	8 719	8 665
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	9 283	10 212	8 176	7 876	1 582	1 570	1 532	1 498
7	Non-operational deposits (all counterparties)	7 354	7 167	7 746	8 289	8 073	8 951	7 187	7 167
8	Unsecured debt	0	0	0	0	0	0	0	0
9	Secured wholesale funding					0	0	0	0
10	Additional requirements	104	86	127	81	104	86	127	81
11	Outflows related to derivative exposures and other collateral requirements	104	86	127	81	104	86	127	81
12	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
13	Credit and liquidity facilities	1 659	1 416	1 301	1 361	433	436	381	393
14	Other contractual funding obligations	0	0	0	0	0	0	0	0
15	Other contingent funding obligations	0	0	0	0	0	0	0	0
16	**Total Cash Outflows**					10 589	11 594	9 678	9 672
Cash - Inflows									
17	Secured lending (eg reverse repos)	0	0	0	0	0	0	0	0
18	Inflows from fully performing exposures	2 365	2 894	3 557	3 287	2 098	2 664	3 356	3 066
19	Other cash inflows	95	2	0	2	95	2	0	2
20	**Total Cash Inflows**	3 289	3 557	2 896	2 460	3 068	3 356	2 666	2 193
EU-20c	**Inflows Subject to 75% Cap**	3 287	3 557	2 894	2 365	3 066	3 356	2 664	2 098
Total adjusted value									
21	**Liquidity Buffer**					9 499	10 229	9 377	10 692
22	**Total Net Cash Outflows**					7 524	8 238	7 014	7 574
23	**Liquidity Coverage Ratio (%)**					**126%**	**124%**	**134%**	**141%**

Qualitative information on the Liquidity Coverage Ratio (LCR)

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.

Net Stable Funding Ratio

This ratio ensures that ING Luxembourg do not undertake excessive maturity transformation, and do not use short-term funding to meet long-term liabilities.

The NSFR ratio at the end of Q4 2022 is 125.19%, well above the regulatory requirement.

Template EU LIQ2: Net Stable Funding Ratio (in EUR mln)

	2022	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	0	0	0	1 052	1 052
2	Own funds	0	0	0	1 052	1 052
3	Other capital instruments		0	0	0	0
4	Retail deposits		3 242	54	8	3 051
5	Stable deposits		1 536	0	0	1 459
6	Less stable deposits		1 706	54	8	1 592
7	Wholesale funding:		13 914	331	1 008	6 239
8	Operational deposits		5 458	0	0	2 729
9	Other wholesale funding		8 455	331	1 008	3 510
10	Interdependent liabilities		0	0	0	0
11	Other liabilities	0	739	0	0	0
12	NSFR derivative liabilities	253				
13	All other liabilities and capital instruments not included in the above categories		0	0	0	0
14	**Total available stable funding (ASF)**					**10 343**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					56
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		0	0	0	0
16	Deposits held at other financial institutions for operational purposes		0	0	0	0
17	Performing loans and securities:		2 653	881	7 899	7 399
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		0	0	0	0
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		1 416	579	1 178	1 610
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		973	148	3 197	3 213
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		2	52	322	236
22	Performing residential mortgages, of which:		265	154	3 522	2 574
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		184	102	3 145	2 188
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		0	0	2	2
25	Interdependent assets		0	0	0	0
26	Other assets		1 402	2	267	698
27	Physical traded commodities		0	0	0	0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		0	0	3	24
29	NSFR derivative assets		282	0	0	282
30	NSFR derivative liabilities before deduction of variation margin posted		972	0	0	49
31	All other assets not included in the above categories		148	2	264	343
32	Off-balance sheet items		2 041	0	0	108
33	**Total RSF**					**8 262**
34	**Net Stable Funding Ratio (%)**					**125.19%**

Capital Requirement Regulation (CRR)
2022 Remuneration Disclosure ING Luxembourg SA

1. Introduction

This 2022 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 2022 and relates to the performance of year 2022.

This report should be read in conjunction with the ING Luxembourg Annual Report 2022.

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 2022 (730 + 9 Supervisory Board members) compared to 2021 (709 including 9 Supervisory Board members). At ING Luxembourg level, the number of Identified Staff increased in 2022 (18) versus 2021 (16).

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

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. 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. 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. 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 2022 in order to discuss:

1. the changes and the application of the IRRF 2022 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 2022.

Number of Identified Staff: 18 internal IDS (+ 5 external Supervisory Board members)

Annual fixed Remuneration granted (benefits excluded) : € 3.543.862

Variable Remuneration granted : € 949.210

Number of Identified Staff with total 2022 remuneration above € 1.000.000 : none

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