ING Luxembourg
Pillar 3 Disclosure 2023

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 circular23/830). 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.

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 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 circulars 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
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Funding & liquidity risk	EU AE1	Encumbered and unencumbered assets	21
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Funding & liquidity risk	EU LIQB	Qualitative information on LCR	22
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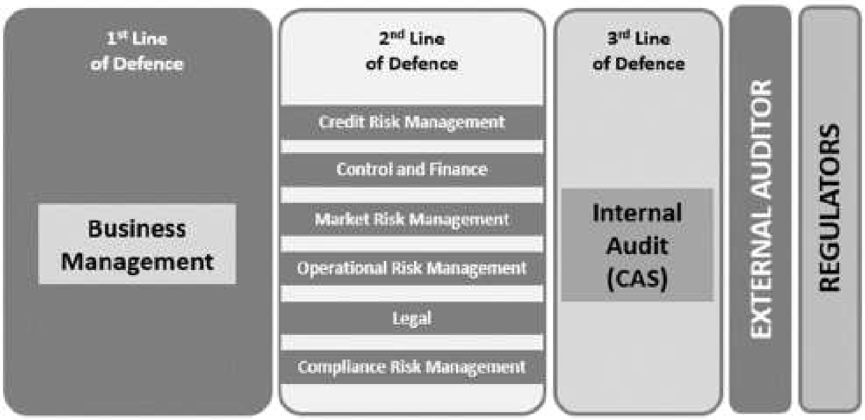
EBA guidelines on disclosure of non-performing and forborne exposures (EBA/GL/2018/10, as amended by EBA/GL/2022/13).
The guidelines specify the common content and uniform disclosure formats for the information on NPEs, forborne exposures and foreclosed assets that credit institutions should disclose. 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

Composition

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.

The Board of Directors is composed of 1 Executive Director and 7 Non-Executive Directors. Non-Executive Directors constitute the majority of the members of the Board of Directors. The group of Non-Executive Directors consists of representatives of the main shareholder and external Directors.

At least one Director shall be an Independent Director, as defined in the Section 4.1.2. and annex I of the CSSF Circular 12/552 as amended until the Bank is considered by the CSSF as a significant Institution (as per the law dated 5 April 1993 on the financial Sector, as amended). The Board of Directors is composed of 3 Independent Directors.

At least one Independent Director is a member of each Committee created within the Board of Directors.

The members of the Board are in sufficient number and, as a whole, are composed adequately so that the Board can fully meet its responsibilities.

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 powers 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 and ensure its correct implementation by the Executive Committee;
- define, monitor and bear responsibility for the implementation of a robust central administration, governance and internal control arrangements in compliance with the relevant laws and regulations;
- 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 had two specialized committees until 31 March 2023, i.e.:

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

As from 1 April 2023, the Audit & Risk Committee was split in two distinct committees, the Audit Committee and the Risk Committee.

The mission of the Board's specialized committees 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 Committee

Composition

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

After its split, which took effect as from 1 April 2023, the Audit Committee was composed of four effective members until 4 October 2023. It was extended to five effective members as from 5 October 2023. The members of the Audit Committee are non-executive Directors. Two of them are Independent Directors.

Members of the Audit Committee have individually the knowledge, skills, expertise, experience and competences allowing them to understand and appreciate the risk strategy and the risk tolerance of ING Luxembourg.

The Chair have in-depth knowledge in the area of audit and accounting, and ensure a critical and constructive debate within the committee.

The duration of an assignment as member of the Audit Committee cannot exceed the duration of membership of the Board of Directors.

Mission

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

The Audit Committee shall, amongst others, assist the Board of Directors in the areas of financial information, internal control, including internal audit as well as the audit by the external auditor.It shall take note of the information on the state of the internal control provided by the authorised management at least once a year.

The Audit Committee shall provide advice and assist the Board of Directors on the appointment of external experts that it may decide to engage for advice or support. It shall assess the appropriateness and timely follow up of the recommendations of internal or external auditors and the actions to address the identified problems, shortcomings and irregularities.

Moreover, the Audit Committee shall also confirm the internal audit charter produced by the Chief Internal Auditor, who reviews it regularly in order to guarantee the effectiveness of the internal audit function, as well as the multi-annual audit plan and its reviews. It shall also confirm the internal audit plan confirmed by the Executive Committee (ExCo).

Frequency

The Audit Committee meets minimum four times a year. Meetings can also take place when the Chair of the Audit 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 Committee.

Quorum

Subject to cases of “force majeure”, an Audit Committee 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 Audit Committee must as well be present or represented to constitute a valid quorum.

Risk Committee

Composition

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

After its split, which took effect as from 1 April 2023, the Risk Committee was composed of four effective members until 4 October 2023. Its was extended to five effective members as from 5 October 2023. The five members are non-executive Directors. Two of them are Independent Directors.

Members of the Risk Committee have individually the knowledge, skills, expertise, experience and competences allowing them to understand and appreciate the risk strategy and the risk tolerance of ING Luxembourg.

The Chair have in-depth knowledge in the area of risk and ensure a critical and constructive debate within the committee.

The duration of an assignment as member of the Risk Committee cannot exceed the duration of membership of the Board of Directors.

Mission

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

The 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.

The purpose of the Risk Committee is to advise and assist the Board of Directors in:

- its supervisory function regarding the monitoring of ING Luxembourg’s overall actual and future risk and risk appetite strategy, taking into account all types of risks, to ensure that they are in line with the business strategy, objectives, corporate culture and values of ING;

- its mission to assess the correlation between the risks, including compliance and legal risks, incurred by ING Luxembourg and its ability to manage these risks, and the adequacy of ING Luxembourg's internal and regulatory capital and liquidity reserves to absorb the potential loss consequences and / or liquidity threats that the incurred risks generate;
- overseeing the implementation of the institution's risk strategy, overall risk-taking, and the corresponding limits set, the risk management framework and the adequacy of all the incurred risks relating to the strategy, the risk appetite and the risk mitigation measures of ING Luxembourg;
- overseeing the implementation of the strategies for capital and liquidity management as well as for all other relevant risks of an institution, such as market, credit, operational (including legal and IT risks), environmental and reputational risks, in order to assess their adequacy against the approved risk appetite and strategy;
- providing the Board of Directors with recommendations on necessary adjustments to the risk strategy resulting from, inter alia, changes in the business model of the institution, market developments or recommendations made by the risk management function;
- providing advice and assist the Board on the appointment of external experts that it may decide to engage for advice or support;
- reviewing a number of possible scenarios, including stressed scenarios, to assess how the institution's risk profile would react to external and internal events;
- overseeing the alignment between all material financial products and services offered to clients and the business model and risk strategy of the institution. The risk committee should assess the risks associated with the offered financial products and services and take into account the alignment between the prices assigned to and the profits gained from those products and services.

Frequency

The Risk Committee meets minimum four times a year. Meetings can also take place when the Chair of the 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 Risk Committee.

Quorum

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

Nomination & Remuneration Committee

Composition

The Nomination & Remuneration Committee was composed of three effective members until 4 October 2023. It was extended to four effective members as from 5 October 2023. The four members are non-executive Directors having an appropriate knowledge of human resources, executive remuneration, management development and the business of the company. The Chair and 1 member are independent within the meaning of the CSSF Circular 12/552 as amended. The composition of the Nomination and Remuneration Committee is not completely identical to any other committee of the Board of Directors.

Mission

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

- making recommendations to the Board of Directors with regards to the appointment, reappointment and dismissal of the Chair and the members of the Board of Directors, the Chair and the members of the Authorised Management, in accordance with the criteria established by the Nomination and Remuneration Committee and any succession plan. In this regard, the Nomination and Remuneration Committee will assess whether candidates comply with the general eligibility criteria such as management competencies, professional behaviour, professional and general experience, knowledge and expertise in specific activity areas;
- assessing if the composition of the Board of Directors and of the Authorised Management provides a right balance of knowledge, skills, diversity and experience. In this regard, the Nomination and Remuneration Committee evaluates annually the structure, size, composition, dynamics and performance of the Board and of the Authorised Management and can formulate recommendations for possible changes;
- evaluating once a year the individual and collective performance of the Board of Directors and Authorized Management members in terms of knowledge, skills, experience, involvement and availability and reporting on this assessment to the Board of Directors;
- making recommendations to the Board of Directors with regards to the policy and the general principles for selection and appointment of the Authorised Management;
- making recommendations regarding the individual profile for the appointment of new Board and Authorised Management members;
- assessing on a regular basis and each time a nomination is done, the suitability of the Key Function Holders within ING;
- taking appropriate corrective measures to overcome shortcomings in a timely manner if an assessment results in easily remediable shortcomings in the knowledge, skills or experience of a Board of Directors, Authorised Management member or

Key Function Holder;

- making recommendations to the Board with regards to the appointment and dismissal of the CRO, Head of Audit and the Head of Compliance;
- formulating an objective in terms of gender diversity in the Board of Directors and recommending a policy in order to achieve this objective in accordance with ING diversity policy.
- Making recommendations relating to equality and non-discrimination based on gender, sexual orientation, change of sex, gender identity, skin colour, social origin, genetic features, language, ways of life, beliefs and opinions, political or other, property, birth, family situation, taking of maternity or parental leave, health status, disability, age, membership or non-membership, actual or assumed, of an ethnic group, nation, race, minority or religion. The Nomination and Remuneration Committee aims at improving the representation of the under-represented gender among the identified members of the staff exercising management functions in accordance with Delegated Regulation 2021/923 or any other applicable law.
- Making recommendations to the Board of Directors with regards to the succession planning of the Authorised Management part of the Executive Committee and the Key Function Holders (including a crisis scenario); at least annually review and assess the situation, including the management development status and talent readiness in the organization.
- Taking into account the need to ensure that the Board's and Authorised Management's decision making is not dominated by any one individual or small group of individuals in a manner that is detrimental to the interests of ING Luxembourg as a whole.

In the performance of its tasks, the Nomination and Remuneration Committee is authorized to gather information or seek advice from the Executive Committee, support departments of ING or external experts, including information on compliance with the rules governing the fight against money laundering and terrorist financing, on suspicious transaction reports and on ML/TF risk factors. The Committee will be provided with sufficient financial means to allow it to fulfil its tasks.

Frequency

The Nomination & Remuneration Committee meets minimum once a year. As per the revised Charter (July 2023), it was decided that it will meet on a quarterly basis. 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 5 authorised managers and 3 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 for 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 compliance with all legislation and regulation governing the activities of ING in Luxembourg, the management of the risks related to its own activities, and the financing of the Bank. The Executive Committee will report on these matters to the Board of Directors.

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.

Appointment, renewal and succession of the members of the Board of Directors, the members of the Executive Committee and the Key Function Holders

ING Luxembourg applies ING Group's Suitability Policy Framework. The purpose of this policy framework is to set principles for the internal assessment of the Suitability of Management Bodies (in its management function and in its supervisory function), Members of Management Bodies and Key Function Holders ("KFHs"). This policy framework also covers selection & succession planning and induction & training for Members of Management Bodies and KFHs.

A Suitability assessment is carried out:

a. prior to the appointment of a Member of the Management Bodies or KFH;

b. prior to the reappointment of the Member of the Management Bodies; and

c. in case of an ad hoc assessment as soon as reasonably possible after the Nomination and Remuneration Committee has decided that an ad hoc assessment needs to take place; and

d. periodically, at least every two years.

The Nomination and Remuneration Committee is primarily responsible for ensuring that the Suitability assessments of the Members of the Management Body are carried out. The Executive Board is primarily responsible for ensuring that the individual Suitability assessments for KFHs are carried out and will report its findings to the Nomination and Remuneration Committee. The Board of Directors is responsible for the final decision on Suitability.

The key function holders of ING Luxembourg are the head of the internal control functions, i.e.: Chief Risk Officer, head of compliance (Chief Compliance Officer), head of internal audit (Chief Internal Auditor).

Individual suitability assessment

The Members of the Management Bodies and KFHs have adequate knowledge, skills and experience and are able to commit sufficient time to perform their functions and responsibilities including understanding the business of the Bank, its main risks and the implications of the business and the risk strategy. Moreover, the Members of the Management Bodies and KFHs are deemed having good repute, honesty and integrity. They are able to engage actively in their duties and must be able to make their own sound, objective and independent decisions and judgments when performing their functions and responsibilities.

Upon their nomination, and throughout the execution of their mandate, the members of the Board of Directors and of the Executive Committee are provided with induction and training programs to enable them to develop their knowledge and skills in relation to their roles, the operations of the Bank and the regulatory environment.

The training program of the members of the Board of Directors consists of 3 separate axes:

a. Onboarding (for the new members of the Board of Directors);

b. Continuous training (training that aims at developing the knowledge and skills of the members of the Board of Directors);

c. Update of knowledge and skills in regulatory matters.

The members of the Executive Committee and Key Function Holders have a training program divided on 4 pillars:

a. Onboarding (for new committee members) within 6 months of joining;

b. Induction session within one month of taking up the post;

c. Continuing education: (Training aimed at developing the skills and knowledge of board members);

d. Updating regulatory skills and knowledge (updates and best practice).

The training programs are defined on a yearly basis by HR department. The plan applicable for the members of the Executive Committee and the Key Function Holders is monitored by Human Resources. The follow-up of the training plan designed for the Board of Directors is carried out by the Corporate Administration on a half-year basis.

When the members of the Board of Directors and of the Executive Committee are assessed for their time commitment, they shall ensure that their mandate is and remains compatible with any other positions, mandates and interests they may have, in particular in terms of conflicts of interest and availability. They shall inform the Board of Directors of the mandates they have outside the institution.

In this context, ING Luxembourg is not considered as an Institution with Significant Importance as defined in the Article 38-2 (3) of the Law on the Financial Sector from 5th April 1993, as amended. As such, the legal provisions on a strict limitation of the number of outside positions are not mandatory for the Bank.

The assessment over the number of directorship held by members of the Board of Directors and of the Executive Committee in 2023 as per the definition of Article 38-2 of the Law on the Financial Sector from 5th April 1993 as amended, did not reveal an incompatibility in terms of time commitment for the members of the Management Bodies.

The Suitability Policy Framework also addresses the diversity aspects in the composition of the Management Bodies: educational and professional background, gender, age and, since the Bank is active internationally, geographical provenance. As such, the Suitability Policy Framework enables the Bank to ensure that its Management Bodies' composition has an adequately broad range of experiences, qualities and competences as requested by Article 38-2 of the Law of Financial Sector from 5th April 1993, as amended.

Collective suitability assessment

A collective suitability assessment is performed separately for the Board of Directors and for the Executive Committee. These Management Bodies, as collective, reflect adequate knowledge, skills and experience necessary to:

a. collectively be able to understand the Bank's activities, including the main risks;

b. collectively be able to take appropriate decisions considering the business model, risk appetite, strategy and markets in which the Bank operates;

c. in its supervisory function, collectively be able to effectively challenge and monitor decisions made by the Management Body in its management function;

d. collectively have the skills to present their views and to influence the decision-making process within the Management Body;

e. in its management function collectively have a high level of managerial skills;

f. in its supervisory function collectively have sufficient management skills to organise its tasks effectively and to be able to understand and challenge the management practices applied and decisions taken by the Management Body in its management function.

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 in the areas of financial information, internal control, including internal audit as well as the audit by the external auditor	Audit Committee	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	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	4 times 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 (RWA). 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 .

The table below presents an overview of the minimum capital requirements and the RWA at year end 2023 per type of risk and method of calculation. The largest part of the RWA is related to credit risk (82%) 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 2023	31 December 2022	31 December 2023	31 December 2022
Credit risk (excluding counterparty credit risk) (CCR)	**3 578**	**3 612**	**286**	**289**
Of which Standardised Approach (SA)	456	540	37	43
Of which Advanced Internal Rating Based (AIRB) Approach	3 112	3 065	249	245
Of which Equity IRB under the simple risk-weight or the Internal Model Approach (IMA)	10	7	1	1
Counterparty credit risk (CCR)	**60**	**34**	**5**	**3**
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)	60	34	5	3
Settlement risk	**0**	**0**	**0**	**0**
Securitisation exposures in banking book (after cap)	**40**	**346**	**3**	**28**
Of which IRB Approach	0	346	0	28
Of which IRB Supervisory Formula Approach (SFA)				
Of which Internal Assessment Approach (IAA)				
Of which Standardised Approach (SA)	39			
Market risk	**0**	**1**	**0**	**0**
Of which Standardised Approach (SA)				
Of which Internal Model Approach (IMA)	0.06	1	0	0
Large exposures	**0**	**0**	**0**	**0**
Operational risk	**662**	**590**	**53**	**47**
Of which Basic Indicator Approach	662	590	53	47
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	**4 340**	**4 583**	**347**	**367**

On a year-on-year basis, ING Luxembourg's Risk-Weighted Assets decreased by EUR -243mln. Main RWA drivers were the decrease in TRPP activity (EUR -300 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.
With a total capital ratio of 25.52% at year-end 2023, ING Luxembourg is well in excess of the 10.98% 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) 0.48 % 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 2023	31 December 2022
	Available own funds (amount)		
1	Common Equity Tier 1 (CET1) capital	1 107 311 688	1 048 778 103
2	Tier 1 capital	1 107 311 688	1 048 778 103
3	Total capital	1 107 311 688	1 048 778 103
	Risk-weighted exposure amount		
4	Total risk exposure amount	4 339 499 818	4 582 797 889
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	25.52%	22.89%
6	Tier 1 ratio (%)	25.52%	22.89%
7	Total capital ratio (%)	25.52%	22.89%
	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%	4.50%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	6.00%	6.00%
EU 7d	Total SREP own funds requirements (%)	8.00%	8.00%
	Combined buffer and overall capital requirement (as a percentage of risk-weighted		
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 (%)	0.48%	0.44%
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 (%)	2.98%	2.94%
EU 11a	Overall capital requirements (%)	10.98%	10.94%
12	CET1 available after meeting the total SREP own funds requirements (%)	14.53%	11.95%
	Leverage ratio		
13	Total exposure measure	17 434 330	21 728 277
14	Leverage ratio (%)	6.35%	4.83%
	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)	6 492 694 721	10 315 530 347
EU 16a	Cash outflows - Total weighted value	6 014 130 760	9 452 461 898
EU 16b	Cash inflows - Total weighted value	1 127 310 712	2 310 192 884
16	Total net cash outflows (adjusted value)	4 886 820 048	7 142 269 014
17	LCR (%)	132.86%	144.43%
	Net Stable Funding Ratio (NSFR)		
18	Total available stable funding	8 569 511 132	9 844 497 511
19	Total required stable funding	6 050 844 173	8 057 992 752
20	NSFR (%)	141.63%	122.17%

Countercyclical buffer

The Luxembourg CounterCyclical buffer remains stable at 0.50% and ING Luxembourg specific CounterCyclical Buffer at 0.48% in 2023. 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 2023

	Relevant credit exposures value		Trading book exposures	Securisation exposures	Own funds requirement						
	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	Total	Own funds requirements weights	Counter-cyclical capital buffer rate	Weighted CcyB rate
2023											
Bulgaria		5 990			831			831	0.00%	2.000%	0.0000%
Czech Republic		11 385			179			179	0.00%	2.000%	0.0000%
Denmark		53 328			968			968	0.00%	2.500%	0.0000%
France	3 818 908	589 065 902			27 374 113			27 374 113	14.80%	0.500%	0.0740%
Germany	55 813	112 833 511		149 991 594	1 607 627		1 456 773	3 064 400	1.66%	0.750%	0.0124%
Spain		20 101 270			7 305 408			7 305 408	3.95%	0.000%	0.0000%
Belgium	448 051	260 426 078			6 914 606			6 914 606	3.74%	0.000%	0.0000%
Hong Kong		79 256 126			20 986			20 986	0.01%	1.000%	0.0001%
Iceland	5 121	12 171			2 230			2 230	0.00%	2.000%	0.0000%
Luxembourg	586 941 002	4 613 033 325		3	125 484 732		3	125 484 735	67.84%	0.500%	0.3392%
Norway		152 665 646			1 285 471			1 285 471	0.69%	2.500%	0.0174%
Slovakia		12 085			178			178	0.00%	1.500%	0.0000%
Sweden	3 995	75 677 541			604 305			604 305	0.33%	2.000%	0.0065%
United Kingdom	4 295	112 356 930			2 444 238			2 444 238	1.32%	2.000%	0.0264%
Others without CcyB	49 266	901 141 489	0	214 295 863	7 890 486	0	2 578 337	10 468 823	5.66%	0.000%	0.0000%
	591 326 451	**6 916 652 778**	**0**	**364 287 460**	**180 936 358**	**0**	**4 035 113**	**184 971 470**	**100.00%**		**0.48%**

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

	Relevant credit exposures value		Trading book exposures	Securisation exposures	Own funds requirement						
	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	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 CCyB2 - Amount of institution-specific countercyclical capital buffer

	2023	2022
Total risk exposure amount	4 339 499 818	4 582 797 889
Institution specific countercyclical capital buffer r	0.48%	0.44%
Countercyclical buffer requirement	20 930 910	20 164 311

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 2023
		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	467 868 844
3	Accumulated other comprehensive income (and other reserves)	51 130 368
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**	**1 123 641 743**
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	-6 881 606
8	Intangible assets (net of related tax liability) (negative amount)	0
9	Not applicable	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	1 356 596
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)	-2 100 842
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	0
27a	Other regulatory adjustments	-8 704 203
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-16 330 055**
29	**Common Equity Tier 1 (CET1) capital**	**1 107 311 688**
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)**	**1 107 311 688**
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)**	**1 107 311 688**
60	**Total Risk exposure amount**	**4 339 499 818**
Capital ratios and requirements including buffers		
61	Common Equity Tier 1 capital	25.52%
62	Tier 1 capital	25.52%
63	Total capital	25.52%
64	Institution CET1 overall capital requirements	10.98%
65	of which: capital conservation buffer requirement	2.50%
66	of which: countercyclical capital buffer requirement	0.48%
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**	**14.54%**

Capital Instruments

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 2023	31 December 2023
Assets - Breakdown by asset classes according to the balance sheet in the financial statements			
1	Cash and balances with central banks	4 886 137 910	4 886 127 467
2	Financial assets held for trading	125 907 603	125 907 601
3	Loans and advances to banks	2 074 255 966	2 080 818 327
4	Financial assets at fair value through profit or loss		
5	Financial assets at fair value through other comprehensive income		341 431 518
6	Securities at amortised cost	1 913 639 003	1 586 886 893
7	Loans and advances to customers	7 186 862 430	7 269 882 504
8	Derivatives - Hedge accounting	115 396 787	115 396 787
9	Fair value changes of the hedged items in portfolio hedge of interest rate risk	-42 759 672	-42 759 672
10	Investments in associates and joint ventures	21 396 859	0
11	Property and equipment	8 543 156	72 832 808
12	Intangible assets	298 090	298 091
13	Current tax assets	0	541 324
14	Deferred tax assets	2 083 316	0
15	Other assets	162 729 934	176 984 981
16	Assets held for sale	0	0
	Total assets	**16 454 491 382**	**16 614 348 629**
Liabilities - Breakdown by liability classes according to the balance sheet in the financial			
1	Financial liabilities held for trading	139 503 274	582 933 779
2	Deposits from banks	1 085 543 765	1 100 947 681
3	Customer deposits	13 428 996 193	17 502 218 182
4	Financial liabilities at fair value through profit or loss		
5	Derivatives - Hedge accounting	68 859 461	98 668 820
6	Current tax liabilities	114 979 091	78 325 208
7	Deferred tax liabilities	0	28 544 401
8	Provisions	20 867 727	2 890 922
9	Other liabilities	309 433 936	579 986 219
10	Liabilities held for sale		
11	Debt securities in issue	458 751	459 403
12	Subordinated loans		
	Total liabilities	**15 168 642 198**	**19 974 974 615**
Shareholders' Equity			
1	Share capital and share premium	604 642 531	604 642 531
2	Other reserves	418 356 449	10 166 205
3	Retained earnings (incl. profit for the period)	262 850 204	762 861 623
4	Shareholders' equity (parent)		
5	Non-controlling interests	0	11 132 700
	Total shareholders' equity	**1 285 849 184**	**1 388 803 059**
	Total liabilities and shareholders' equity	**16 454 491 382**	**21 363 777 675**

Capital instruments main features – at 31 December 2023		
		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 2023	31 December 2022
		Applicable amounts	Applicable amounts
1	Total assets as per IFRS consolidated financial statements	16 614	21 180
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]	-67	-555
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)	914	1 167
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	0
7	Other adjustments[1]	-26	-64
8	**Total Leverage Ratio exposure**	**17 434**	**21 728**

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 2023	31 December 2022
		CRR/CRD IV phased in CRR leverage ratio exposures	CRR/CRD IV phased in CRR leverage ratio exposures
2	(Asset amounts deducted in determining Tier 1 capital)	-19	-3
3	**Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**16 354**	**20 423**
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	91	120
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	83	78
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-7	-61
11	**Total derivative exposures (sum of lines 4 to 10)**	**167**	**138**
Securities financing transaction exposures			
16	**Total securities financing transaction exposures**	-	-
Other off-balance sheet exposures			
17	Off-balance sheet exposures at gross notional amount	914	1 167
18	(Adjustments for conversion to credit equivalent amounts)		
19	**Other off-balance sheet exposures (sum of lines 17 to 18)**	**914**	**1 167**
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))	-	-
Capital and total exposures			
20	Tier 1 capital	1 107	1 049
21	**Total Leverage Ratio exposures (sum of lines 3, 11, 16, 19)**	**17 434**	**21 728**
Leverage ratio			
22	**Leverage Ratio**	**6.35%**	**4.83%**
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 2023, there was a decrease in the cash held at the central bank d. As a result, ING Luxembourg leverage ratio on 31 December 2023 increased to 6.35%.

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)

	2023	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**	**14 147.80**	**13 532.30**	**616.01**	**100.84**	**0.00**	**100.84**	**-4.54**	**-1.95**	**-2.58**	**-14.25**	**0.00**	**-14.25**
2	Central banks	5 726.52	5 726.52	0.50	0.00	0.00	0.00	-0.01	-0.01	0.00	0.00	0.00	0.00
3	General governments	83.08	83.05	0.03	0.00	0.00	0.00	-0.03	-0.03	0.00	0.00	0.00	0.00
4	Credit institutions	1 233.47	1 232.95	0.52	0.01	0.00	0.01	-0.01	0.00	-0.01	0.00	0.00	0.00
5	Other financial corporations	1 312.17	1 292.25	19.92	1.21	0.00	1.21	-0.62	-0.43	-0.19	-0.22	0.00	-0.22
6	Non-financial corporations	2 347.69	2 007.47	340.22	59.40	0.00	59.40	-2.13	-0.93	-1.19	-10.79	0.00	-10.79
7	Of which SMEs	239.85	187.74	52.10	6.51	0.00	6.51	-0.45	-0.20	-0.25	-0.27	0.00	-0.27
8	Households	3 444.88	3 190.07	254.81	40.22	0.00	40.22	-1.73	-0.54	-1.19	-3.24	0.00	-3.24
9	**Debt securities**	**1 925.97**	**1 786.12**	**139.86**	**0.00**	**0.00**	**0.00**	**-0.33**	**-0.33**	**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	979.12	839.27	139.86	0.00	0.00	0.00	-0.27	-0.27	0.00	0.00	0.00	0.00
12	Credit institutions	946.85	946.85	0.00	0.00	0.00	0.00	-0.06	-0.06	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**	**1 617.84**	**1 519.97**	**97.87**	**2.21**	**1.42**	**0.80**	**0.00**	**0.00**	**0.00**	**-0.01**	**0.00**	**-0.01**
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	84.22	84.22	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Credit institutions	62.20	62.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19	Other financial corporations	521.35	465.92	55.44	0.02	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00
20	Non-financial corporations	772.08	753.09	18.99	1.40	1.37	0.03	0.00	0.00	0.00	-0.01	0.00	-0.01
21	Households	177.98	154.54	23.44	0.79	0.03	0.76	0.00	0.00	0.00	0.00	0.00	0.00
22	**Total**	**17 691.62**	**16 838.39**	**853.73**	**103.05**	**1.42**	**101.64**	**-4.87**	**-2.29**	**-2.58**	**-14.26**	**0.00**	**-14.26**

Forborne exposures

The purpose of the first template is to provide an overview of the quality of forborne exposure. At end of December 2023, the performing forborne exposure represents EUR 44 mln and the non-performing forborne exposure represents EUR 15mln on a total asset balance sheet of EUR 16bln.

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

2023		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**	**43.75**	**14.62**	**14.39**	**14.62**	**-0.11**	**-0.34**	**51.28**
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	27.77	6.80	6.80	6.80	-0.09	-0.23	27.98
7	Households	15.98	7.82	7.82	7.82	-0.03	-0.11	23.30
8	**Debt Securities**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
9	**Loan commitments given**	**2.64**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
10	**Total**	**46.39**	**14.62**	**14.39**	**14.62**	**-0.11**	**-0.34**	**51.28**

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 2023, the non-performing exposures (EUR 103 mln) represent 0.58% of the total bank credit risk exposures (EUR 17 bln).

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

2023		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**	**14 147.80**	**14 135.05**	**12.75**	**100.84**	**42.64**	**12.58**	**26.62**	**10.75**	**7.68**	**0.00**	**0.58**	**100.84**
2	Central banks	5 726.52	5 726.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	General governments	83.08	83.08	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Credit institutions	1 233.47	1 233.47	0.00	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.01
5	Other financial corporations	1 312.17	1 311.94	0.23	1.21	0.62	0.01	0.14	0.09	0.35	0.00	0.00	1.21
6	Non-financial corporations	2 347.69	2 340.11	7.58	59.40	18.12	9.34	23.22	4.20	3.94	0.00	0.58	59.40
7	Of which SMEs	239.85	235.29	4.56	6.51	6.09	0.38	0.02	0.02	0.00	0.00	0.00	6.51
8	Households	3 444.88	3 439.93	4.95	40.22	23.89	3.23	3.26	6.46	3.38	0.00	0.00	40.22
9	**Debt securities**	**1 925.97**	**1 925.97**	**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	979.12	979.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12	Credit institutions	946.85	946.85	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**	**1 617.84**			**2.21**								**2.21**
16	Central banks	0.00			0.00								0.00
17	General governments	84.22			0.00								0.00
18	Credit institutions	62.20			0.00								0.00
19	Other financial corporations	521.35			0.02								0.02
20	Non-financial corporations	772.08			1.40								1.40
21	Households	177.98			0.79								0.79
22	**Total**	**17 691.62**	**16 061.02**	**12.75**	**103.05**	**42.64**	**12.58**	**26.62**	**10.75**	**7.68**	**0.00**	**0.58**	**103.05**

Loans granted to members of the Management Bodies and their related parties

The Bank has exposures related to loans granted to the members of the Management Bodies and their related parties for a **total gross carrying amount of EUR 169.130**. The term “related parties” refers to:

1. a spouse, registered partner in accordance with the applicable national law, child or parent of a member of the management body;
2. a commercial entity, in which a member of the management body or his or her close family member as referred to in point (1) has a qualifying holding of 10% or more of capital or of voting rights in that entity, or in which those persons can exercise significant influence, or in which those persons hold positions within the authorised management or are members of the management body.”

The financial information related to such exposures is documented in a report available upon CSSF request, in accordance with Article 38-1 of the Law of Financial Sector of 5th April 1993, as amended.

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	**48**	**16 566**
Loans on demand	1	5 726
Equity instruments	0	3
Debt securities	24	1 902
of which: covered bonds	8	684
of which: issued by general governments	16	963
of which: issued by financial corporations	8	939
Loans and advances other than loans on demand	24	8 480
Of which: loans collateralised with immovable property	0	4 285
Other assets	0	456

At December 2023, an immaterial part of assets (0.29%) 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 126% in Q4 2023 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 2023				Year 2023			
		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)					10 068	8 592	8 247	6 814
Cash - Outflows									
2	Retail deposits and deposits from small business customers, of which:	3 027	2 964	2 861	2 730	273	277	272	260
3	Stable deposits	1 479	1 447	1 387	1 323	75	72	69	66
4	Less stable deposits	1 452	1 444	1 415	1 350	198	204	202	193
5	Unsecured wholesale funding	14 309	12 410	12 013	10 456	8 130	7 100	6 809	5 851
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	7 710	6 633	6 336	5 091	1 284	1 091	1 006	804
7	Non-operational deposits (all counterparties)	6 600	5 777	5 677	5 364	6 846	6 010	5 804	5 047
8	Unsecured debt	0	0	0	0	0	0	0	0
9	Secured wholesale funding					0	0	0	0
10	Additional requirements	90	93	81	101	90	93	81	101
11	Outflows related to derivative exposures and other collateral requirements	90	93	81	101	90	93	81	101
12	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
13	Credit and liquidity facilities	1 707	1 573	1 458	1 221	457	409	374	318
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**					9 145	8 006	7 751	6 722
Cash - Inflows									
17	Secured lending (eg reverse repos)	0	0	0	0	0	0	0	0
18	Inflows from fully performing exposures	1 427	1 467	1 415	1 820	1 319	1 366	1 218	1 540
19	Other cash inflows	0	14	13	1	0	14	13	1
20	**Total Cash Inflows**	1 821	1 429	1 480	1 427	1 541	1 232	1 379	1 319
EU-20c	**Inflows Subject to 75% Cap**	1 820	1 415	1 467	1 427	1 540	1 218	1 366	1 319
Total adjusted value									
21	**Liquidity Buffer**					10 068	8 592	8 247	6 814
22	**Total Net Cash Outflows**					7 605	6 788	6 385	5 404
23	**Liquidity Coverage Ratio (%)**					**132%**	**127%**	**129%**	**126%**

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 2023 is 141.63%, well above the regulatory requirement.

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

	2023	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	1 115	1 115
2	Own funds	0	0	0	1 115	1 115
3	Other capital instruments		0	0	0	0
4	Retail deposits		3 119	56	4	2 929
5	Stable deposits		1 332	0	0	1 266
6	Less stable deposits		1 786	56	4	1 663
7	Wholesale funding:		10 248	18	1 027	4 526
8	Operational deposits		3 169	0	0	1 585
9	Other wholesale funding		7 079	18	1 027	2 941
10	Interdependent liabilities		0	0	0	0
11	Other liabilities	0	547	0	0	0
12	NSFR derivative liabilities	447				
13	All other liabilities and capital instruments not included in the above categories		0	0	0	0
14	**Total available stable funding (ASF)**					**8 570**
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					73
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:		2 382	1 166	5 692	5 511
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		1 437	802	848	1 393
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		770	171	1 463	1 673
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		23	53	204	170
22	Performing residential mortgages, of which:		175	193	3 379	2 442
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		95	112	3 067	2 097
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	3	3
25	Interdependent assets		0	0	0	0
26	Other assets		1 509	2	250	389
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	24	21
29	NSFR derivative assets		1	0	0	1
30	NSFR derivative liabilities before deduction of variation margin posted		1 370	0	0	68
31	All other assets not included in the above categories		138	2	226	298
32	Off-balance sheet items		1 731	0	0	79
33	**Total RSF**					**6 051**
34	**Net Stable Funding Ratio (%)**					**141.63%**

Capital Requirement Regulation (CRR)
2023 Remuneration Disclosure ING Luxembourg SA

1. Introduction

This 2023 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 2023 and relates to the performance of year 2023.

This report should be read in conjunction with the ING Luxembourg Annual Report 2023.

2. 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).

As a general principle, the remuneration policy prohibits the use of personal hedging strategies or remuneration- and liability-related insurance to undermine the risk alignment effects embedded in remuneration arrangements

Moreover, the remuneration policy ensures that monetary and/or non-monetary forms of Remuneration do not introduce incentives whereby relevant staff favour their own interests, or ING's interests, to the detriment of others.

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 2023 in order to discuss:

1. the changes and the application of the IRRF 2023 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.

Gender-neutral aspects

The remuneration policy is gender neutral: all staff members will be equally remunerated for equal work or work of equal value, irrespective of their gender. ING constantly strives to promote and achieve equality with respect to employment, career development, promotions, pay, etc. ING has implemented numerous initiatives to achieve its equal pay ambitions. This means that in principle all aspects of the remuneration policies should be gender neutral from the start of employment, promotion and subsequent steps in the employee's career, and includes amongst other things the award and pay-out conditions for remuneration.

In order to monitor ING's Global Gender Pay Gap, Global HR will calculate the gender pay gaps of the ING entities and/or countries for all staff annually.

The Board of Director assesses the application, both prospective and retrospective, of this Remuneration Regulations Framework including an analysis whether gender-neutral remuneration policies are applied, at least annually.

The Nomation & Remuneration Committee advise the Board of Directors in relation with the application of gender-neutrality within the remuneration policy.

The Risk Committee is assessing if the remuneration policy is gender-neutral at least annually.

3. 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 ensure 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 2023 (725 + 11 Supervisory Board members) compared to 2022 (730 including 9 Supervisory Board members). At ING Luxembourg level, the number of Identified Staff increased in 2023 (20) versus 2022 (18).

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

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.

ING considers the following aspects when determining: (a) the proportion of the Variable Remuneration to be deferred; (b) the length of the deferral period; and (c) the deferral instruments to be used:

i. the responsibilities and authority of, and the tasks performed by, the Identified Staff;

ii. ING's business cycle, nature of activities, risk profile and risk appetite;

iii. expected fluctuations in the economic activity, performance and risks, of the institution and business unit, and the impact of Identified Staff on these fluctuations; and

iv. the approved ratio between the Variable and Fixed Remuneration components of the Total Remuneration and the absolute amount of Variable Remuneration.

ING Bank has defined a deferral scheme that appropriately aligns the remuneration of Identified Staff with ING's activities, business cycle and risk profile and the activities of the Identified Staff, so that a sufficient part of the variable remuneration can be adjusted for risk outcomes over time through ex post risk adjustments.

The deferral scheme is split based on Identified Staff Group as disclosed below:

- **Executive Board**: 60% of the variable remuneration component being deferred for five years;
- **Management Board**: 60% of the variable remuneration component being deferred for five years;
- **Senior Management**: 60% of the variable remuneration component being deferred for a minimum of five years;
- **Other Identified Staff**: 40% of the variable remuneration component being deferred for a minimum of four years.

4. Internal Control functions

ING considers the following functions to be the Control Functions:

- Risk;
- Compliance; and
- Audit.

In order to safeguard their independence, the Control Functions operate separately from the business units they oversee and have appropriate authority to perform their control taks. ING also has a variety of Support Functions. Staff in Control Functions and Support Functions can also be Identified Staff. Working closely with the Nomination & Remuneration Committee, the Board of Directors and the Management Board, the Control Functions (other than Audit) assist in determining the Remuneration Policies, having regard to the promotion of effective risk management.

The Control Functions work together in a structured way in the design, ongoing oversight and review of this Remuneration Regulations Framework, taking into account the promotion of effective risk management.

The relevant Control Functions furthermore actively participate in the design, ongoing oversight, evaluation and monitoring of the Remuneration Policies. These functions are closely involved in reviewing the Remuneration Policies in order to ensure the alignment with ING's policies and procedures, including the risk management strategy and governance framework. As such, the Control Functions have an impact on this Remuneration Regulations Framework.

The Control Functions assist the business, the Management Board and the Board of Directors in the decision-making processes by providing information, advice and control within their area of expertise.

The Control Functions are independent and have sufficient resources, knowledge, experience to perform their tasks with regard to Remuneration Policies. The Control Functions cooperate actively and regularly with each other and other relevant functions and committees with regard to Remuneration Policies and risks which may arise from Remuneration Policies. On top of that, the Control Functions are responsible for controlling and monitoring the risks arising from ING operations and ensuring compliance with the Remuneration Regulations. As a result, a number of specific requirements apply to staff in Control Functions and the Variable Remuneration they may receive.

The following general principles of Remuneration apply to all staff in Control Functions of ING:

i. The Remuneration of the Control Functions allows ING to employ qualified and experienced personnel in these functions. The Remuneration of Control Functions is predominantly Fixed Remuneration, to reflect the nature of their responsibilities.
ii. The methods used for determining the Variable Remuneration of Control Functions does not compromise the staff's objectivity and independence.
iii. If staff in Control Functions receive Variable Remuneration, they are appraised, and their Variable Remuneration is determined, separately from the business units they control, including performance which results from business decisions (e.g. new product approval) where the staff in Control Functions are involved.
iv. The criteria used for assessing the performance and risks are predominantly based on the internal Control Functions' objectives.
v. Variable Remuneration for Control Functions should predominantly follow control objectives, e.g. the Tier 1 ratio, the non-performing loan ratio, the non-performing loan recovery rate or audit findings.
vi. Variable Remuneration may not be based on financial performance criteria with the exemption of the Executive Committee as they are allowed to have financial performance criteria on Group level.

The remuneration of the the senior staff members in the independent Control Functions, including the risk management and compliance functions is directly overseen by the Nomination & Remuneration Committee. The NRC also make recommendations to the Board of Directors on the design of the remuneration package and the amounts of remuneration to be paid to the senior staff members in the independent Control Functions.

5. MiFID II Staff

The MiFID II Staff means the group of ING staff working in the EEA that could have an impact on the service provided or corporate behaviour of the firm, including client-facing front-office staff, sales force staff, or other staff indirectly involved in the provision of investment or ancillary services (in line with MiFID II). It also includes staff who oversee the sales force (such as line managers) who may be incentivised to pressurise sales staff, or financial analysts whose literature may be used by sales staff to induce clients to make investment decisions. This also includes staff members involved in complaints handling, claims processing, client retention or in product design and development, or tied agents. The following services qualify as investment services: the reception and transmission of orders in relation to one or more financial instruments, execution of orders on behalf of clients, dealing on own account, portfolio management, investment advice, underwriting or placing of financial instruments on or without a firm commitment or operating a trading platform. The following services qualify in any event as ancillary services: safekeeping and administration of financial instruments, granting credit or loans to investors to allow him to carry out a transaction, advice to undertakings on capital structure, foreign exchange services, investment research, financial analysis or other forms of general recommendations, services related to underwriting.

In addition to the general principles set out in the Remuneration Regulations Framework, specific requirements of the MiFID II Delegated Regulation apply to MiFID II Staff.

The Remuneration of MiFID II Staff should not lead to a conflict of interest or a situation in which MiFID II Staff favours their own interests or ING's interests to the potential detriment of a client of ING.

The senior management within the meaning of MiFID II is responsible for the day-to-day implementation of the relevant Remuneration Policies for MiFID II staff and the monitoring of compliance risks related to the Remuneration of MiFID II Staff.

Remuneration and similar incentives of MiFID II Staff shall not be solely or predominantly based on quantitative commercial criteria, and shall take fully into account appropriate qualitative criteria reflecting compliance with the applicable regulations, the fair treatment of clients and the quality of services provided to clients of ING.

ING does not provide any form of variable remuneration, target-setting or other arrangements that could provide an incentive to staff to recommend a particular financial instrument to a retail client when ING could offer a different financial instrument which would better meet that client's needs.

6. 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.

7. 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.

8. 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.

9. 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).

10. 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.

11. Variable Remuneration Accrual Model (VRAM)

ING Luxembourg applies the Variable Remuneration Accrual Model (VRAM) determined at Group level. This model allows the Bank to determine risk-adjusted discretionary variable remuneration pools. The VRAM reviews the overall performance of ING Group through three dimensions:

i. financial;
ii. non-financial;
iii. risk.

In addition, the VRAM promotes sound and effective risk management by taking into consideration risk, capital, liquidity and the likelihood and timing of earnings in the determination of variable remuneration pools. The measures include risk adjustments to Variable Remuneration pools on an ex ante and ex post risk adjustment basis and follow a structured and sequential order.

The total variable remuneration awarded will not limit ING's ability to maintain or restore a sound capital base in the long term. The variable remuneration is not awarded or paid out when the effect would be that ING's capital base would no longer be sound.

12. Ex-ante risk adjustments

To establish appropriate ex ante risk adjustments, there are measures to assess the bank's current and future risks and whether performance sufficiently aligns with risk appetite levels.

An ex ante risk adjustment measure ING applies lies in the performance assessment. ING applies an extensive assessment of the performance of staff members before Variable Remuneration is proposed and awarded.

Another ex ante risk adjustment measure involves ING applying Risk Requirements on an individual level for Identified Staff that are considered Risk Takers. These Risk Requirements ensure a focus on the long-term sustainability of ING and have been designed to further strengthen the relationship between minimum standards in the area of risk management and individual Remuneration.

13. Ex-post risk adjustments

Ex post risk adjustments made by ING relate to a risk-based performance assessment. The adjustments respond to the actual risk outcomes or changes to persisting risks of ING, Business Line or staff's activities.

ING has, in certain circumstances, the right or the obligation to apply ex post risk adjustments. There are three ex post risk adjustment mechanisms at ING's disposal to any (current or former) staff member:

- In-year variable remueneration reduction: up to 100% of awarded non-deferred Variable Remuneration before it is paid out; and/or

- Holdback: up to 100% of awarded but unvested deferred Variable Remuneration; and/or
- Clawback: up to 100% of paid and/or vested variable remuneration and can be applied indefinitely, subject to the applicable statute of limitation.

The criteria used for ex-post risk adjustments are described in the remuneration policy, available to all staff on the Bank's intranet.

14. Quantitative information

Remuneration of Identified Staff at ING Luxembourg SA in relation to performance year 2023.
Number of Identified Staff: 20 internal IDS (+ 5 Supervisory Board members who are external to ING)

Annual fixed Remuneration granted (benefits excluded) : € 3.814.762

Variable Remuneration granted : € 955.794

Number of Identified Staff with total 2023 remuneration above € 1.000.000 : none
Reduced amount through performance adjustment (holdback/clawback) : none