ING-DiBa AG, Frankfurt am Main Balance Sheet & Income Statement for the 2022 Fiscal Year

Balance sheet as of December 31, 2022 ING-DiBa AG

Assets	EUR million	EUR million	EUR million	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
1. Cash reserve					
a) Cash balance			145		129
b) Balances with central banks			1,400		17,690
of which: with Deutsche Bundesbank	1,400				17,540
				1,545	**17,819**
2. Loans and advances to banks					
a) Payable on demand			20,362		998
b) Other loans and advances			7,899		7,890
of which: Mortgage loans	0				0
of which: Public-sector loans	0				0
				28,260	**8,887**
3. Loans and advances to customers				**131,171**	**127,125**
of which: Mortgage loans	72,503				63,656
of which: Public-sector loans	1,953				1,567
4. Bonds and other fixed-income securities					
a) Bonds					
aa) From public-sector issuers		6,864			7,235
of which: eligible as collateral with Deutsche Bundesbank	6,512				6,881
ab) From other issuers		20,523			24,020
of which: eligible as collateral with Deutsche Bundesbank	19,703				23,201
				27,387	**31,255**
5. Equity investments				**6**	**6**
of which: in other banks	6				6
of which: in financial services institutions	0				0
6. Investments in affiliated companies				**0**	**35**
of which: in banks	0				0
of which: in financial services institutions	0				0
7. Trust assets				**0**	**0**
of which: trust loans	0				0
8. Intangible fixed assets					
a) Internally generated industrial rights and similar rights and assets			13		13
b) Purchased concessions, industrial and similar rights and assets, and licenses to such rights and assets			11		13
d) Prepayments			2		4
				26	**29**
9. Property and equipment				**22**	**30**
10. Other assets				**640**	**302**
11. Prepaid expenses					
a) From the issuing and lending business			1,084		1,065
b) Other			34		32
				1,118	**1,097**
12. Active difference from asset management[1]				**8**	**6**
Total assets				**190,183**	**186,592**

Liabilities and Equity	EUR million	EUR million	EUR million	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
1. Deposits from banks					
a) Payable on demand			81		91
b) With an agreed maturity or period of notice			16,025		23,035
				16,107	**23,126**
Custome Deposits					
a) Savings deposits					
ab) With an agreed period of notice of more than three months			288		282
b) Other amounts due					
ba) Payable on demand		133,301			132,375
bb) With an agreed maturity or period of notice		5,673			3,903
			138,974		136,279
				139,263	**136,561**
3. Securitized liabilities					
a) Bonds issued					
aa) Mortgage bonds				7,378	4,943
				7,378	**4,943**
4. Trust liabilities				**0**	**0**
of which: trust loans	0				0
5. Other liabilities				**15,450**	**9,997**
6. Deferred income					
a) From the issuing and lending business			480		446
b) Other			0		5
				480	**452**
7. Provisions					
a) Provisions for pensions and similar benefits[1]			45		0
b) Provisions for taxes			0		15
c) Other provisions			214		229
				260	**244**
8. Subordinated liabilities				**3,863**	**3,100**
9. Fund for general banking risks				**3,432**	**4,239**
10. Equity					
a) Subscribed capital			100		100
b) Capital reserves			3,832		3,810
c) Retained earnings					
ca) Legal reserve		1	0		1
cb) Other retained earnings		19	0		19
			20		20
d) Net retained profit for the period			0		0
				3,952	**3,930**
Total liabilities and equity				**190,183**	**186,592**
1. Contingent liabilities					
a) Liabilities from guarantees and indemnity agreements			1,811		2,449
b) Liabilities from the provision of collateral for third-party liabilities			36		13
				1,847	**2,462**
2. Other commitments					
a) Irrevocable loan commitments				22,019	21,558

(1) In the current fiscal year, ING-DiBa AG nets the pension obligations with the plan assets for each settlement association. In the previous year, a comprehensive netting took place. As a result, the difference from asset netting and the pension obligations in 2021 will be reported EUR 31 million lower. For further details, please refer to section 2.8.2 Provisions for pensions and similar obligations in the Notes.

Income Statement for the period from January 1 to December 31, 2022, ING-DiBa AG

	EUR million	EUR million	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
Interest income from				
a) Lending and money market transactions				
aa) Interest income resulting from positive interest rates	2,513			2,233
ab) Interest income resulting from negative interest rates	-43			-96
b) Fixed-income securities and book-entry securities	265			198
		2,735		2,335
Interest expense				
aa) Interest expense resulting from positive interest rates	676			527
ab) Interest expense resulting from negative interest rates	-129			-187
		547		340
			2,188	**1,995**
Income from profit pooling, profit and loss transfer agreements, or partial profit and loss transfer agreements			**0**	**0**
Commission income		500		511
Commission expenses		215		238
			284	**273**
Other operating income			**159**	**105**
General and administrative expenses				
a) Personnel expenses				
aa) Wages and salaries	381			364
ab) Social security contributions, pensions and other employee benefits	84			80
		465		445
of which: for pensions	24			24
b) Other administrative expenses		568		554
			1,033	**998**
Depreciation, amortization and write-downs of intangible fixed assets and property and equipment			**33**	**36**
Other operating expenses			**255**	**194**
Write-downs of and valuation allowances on receivables and certain securities, and additions to loan loss provisions			**1,089**	**133**
Income from reversals of write-downs on receivables and certain securities and from the reversal of loan loss provisions			**0**	**0**
Depreciation and write-downs on equity interest, shares in affiliated companies and securities treated as fixed assets			**1**	**0**
Income from reversals of write-downs on equity investments, investments in affiliated companies and long-term securities			**0**	**0**
Dissolution from/allocations (-) to funds for general banking risks			**807**	**90**
Result from ordinary activities			**1,028**	**1,102**
Taxes on income		293		484
of which: for tax burden redistribution	291			469
Other taxes not reported under "Other operating expenses"		29		22
			322	**506**
Profit transferred due to profit pooling, profit and loss transfer agreements, or partial profit and loss transfer agreements			**706**	**596**
Net profit for the period			**0**	**0**
Retained profits brought forward			**0**	**0**
Net retained profit for the period			**0**	**0**

Statement of changes in equity

	Jan. 1, 2022 EUR million	Additions EUR million	Disposals EUR million	Reclassifications EUR million	Dec. 31, 2022 EUR million
Subscribed capital	100	0	0	0	100
Capital reserve	3,810	30	8	0	3,832
Retained earnings	20	0	0	0	20
Legal reserve	1	0	0	0	1
Other retained earnings	19	0	0	0	19
Equity	3,930	30	8	0	3,952

Cash Flow statement

			2022 EUR million	2021 EUR million
1.		Profit for the period (consolidated net income/net loss for the financial year including minority interests)	0	0
2.	+/-	Depreciation and write-downs of receivables and fixed assets/reversals of such write-downs and valuation allowances	489	147
3.	+/-	Increase/decrease in provisions	119	217
4.	+/-	Other non-cash expenses/income	-91	-90
5.	-/+	Gain/loss on disposal of fixed assets	0	0
6.	-/+	Other adjustments (net)	-3	-4
7.	-/+	Increase/decrease in loans and advances to banks	841	1,337
8.	-/+	Increase/decrease in loans and advances to costumers	-4,445	-5,583
9.	-/+	Increase/decrease in securities not classified as long-term financial assets	3,563	1,237
10.	-/+	Increase/decrease in other assets relating to operating activities	-326	196
11.	+/-	Increase/decrease in amounts due to banks	-7,870	280
12.	+/-	Increase/decrease in amounts due to customers	2,681	-9,813
13.	+/-	Increase/decrease in securitized liabilities	2,420	1,240
14.	+/-	Increase/decrease in other liabilities relating to operating activities	5,979	9,742
15.	+/-	Interest expense/interest income	-2,188	-1,995
16.	+/-	Expenses/income from extraordinary items	0	0
17.	+/-	Income tax expense/income	293	484
18.	+	Interest and dividend payments received	1,927	2,441
19.	-	Interest paid	313	-496
20.	+	Extraordinary proceeds	0	0
21.	-	Extraordinary payments	0	0
22.	-/+	Income taxes paid	-291	-484
23.	=	Cashflows from operating activities	3,410	-1,143
24.	+	Proceeds from disposal of long-term financial assets	983	3,071
25.	-	Payments to acquire long-term financial assets	-605	-9,553
26.	+	Proceeds from disposal of tangible fixed assets	-34	4
27.	-	Payments to acquire tangible fixed assets	-11	-10
28.	+	Proceeds from disposal of intangible fixed assets	1	0
29.	-	Payments to acquire intangible assets	-13	-5
30.	+	Proceeds from disposal of companies from the consolidated group	0	0
31.	-	Payments for additions of companies to the consolidated group	0	0
32.	+/-	Changes in cash funds from other investing activities	0	0
33.	-	Proceeds from extraordinary items	0	0
34.	+	Payments from extraordinary items	0	0
35.	=	Cash flows from investing activities	320	-6,493

Continuation see next page

			2022 EUR million	2021 EUR million
36.	+	Proceeds from capital contributions by shareholders of the parent entity	22	0
37.	+	Proceeds from capital contributions by other shareholders	0	0
38.	-	Payments from reduction in equity by shareholders of the parent entity	0	0
39.	-	Pyments from reduction in equity to other shareholders	0	0
40.	+	Proceeds from extraordinary items	0	0
41.	-	Payments from extraordinary items	0	0
42.	-	Dividends paid to shareholders of the parent entity	-596	-396
43.	-	Dividend paid to other shareholders	0	0
44.	+	Proceeds from issue of bonds and from (financial) borrowings	750	1,700
45.	-	Payments from redemption of bonds and (financial) borrowings	0	0
46.	+/-	Changes in cash funds from other capital (net)	-807	-90
47.	=	Cash flows from financing activities	-631	1,214
48.	+/-	Net change in cash funds (total of 23, 35, 47)	3,100	-6,422
49.	+/-	Change in cash funds due to exchange rates movements and remeasurements	0	0
50.	+/-	Changes in cash funds due to changes in the consolidated group	0	0
51.	+	Cash funds at beginning of period	18,725	25,147
52.	=	Cash funds at end of period[1]	21,825	18,725

(1) In fiscal year 2022, a disclosure adjustment was made with regard to variation margins. The prior-year values of the affected lines were not adjusted. For further details, please refer to sections 2.1.2. and 3.2.8. in the Notes.

The cash flow statement is prepared pursuant to the requirements of German Accounting Standard DRS 21. The cash flow statement presents the changes in cash funds in the financial years 2022 and 2021. The cash funds is composed of cash and cash equivalents. The changes in cash funds are divided into operating activities, investing activities and financing activities.

Cash flow from operating activities includes cash flows that are primarily related to the Bank's revenue-generating activities or result from other activities that cannot be classified as investing or financing activities. Cash flows from investing activities result from proceeds and cash payments relating to tangible fixed assets, intangible fixed asset, and long-term securities. Cash flow from financing activities comprise cash flows from transactions with the parent and additions to the fund for general banking risks in pursuant to section 340g HGB.

The cash flow statement is of limited use as an indicator of the Bank’s liquidity situation. In this context, please refer to the information on liquidity management presented in the Management Report.

ING-DiBa AG, Frankfurt am Main Notes to the Financial Statements for the Fiscal Year 2022

1. General Disclosures Regarding the Annual Financial Statements

The annual financial statements of ING-DiBa AG (hereinafter also called ING-DiBa), domiciled in Frankfurt am Main and registered under HRB 7727 in the commercial register at the Local Court (*Amtsgericht*) of Frankfurt am Main have been prepared pursuant to the provisions of the German Commercial Code (*Handelsgesetzbuch*, "HGB"), the Regulation on the Accounting of Banks and Financial Services Institutions (*Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute*, "RechKredV"), the German Mortgage Bond Act (*Pfandbriefgesetz*, "PfandBG"), and the German Stock Corporation Act (*Aktiengesetz*, "AktG").

The balance sheet and income statement are classified pursuant to the RechKredV forms. The financial statements are rounded, unless stated otherwise. The totals and changes from the comparative period in the tables are based on the exact values and may therefore differ where appropriate. The comparative period is the fiscal year 2021, and the comparison date is December 31, 2021.

In fiscal year 2022, Lendico Deutschland GmbH, Berlin, was merged into ING-DiBa AG retroactively as of January 1, 2022. As the absorbing legal entity, ING-DiBa AG has decided to carry the assets and liabilities at their amortized cost . These are included in the balance sheet of ING-DiBa AG as of December 31, 2022. The income statement includes the expenses and income of Lendico Deutschland GmbH retroactively since January 1, 2022. The figures for the comparative period and comparative reporting dates have not been adjusted. The effects on the comparability of the financial years 2021 and 2022 is of minor significance.

2. Accounting Policies

2.1. General

Assets and liabilities are recognized and measured pursuant to sections 252 et seq. in conjunction with sections 340 *et seq*. HGB.

Loans and advances including structured financial instruments are measured pursuant to section 253 (1) sentence 1 HGB in conjunction with section 340e (2) HGB. Any difference between the nominal amount and the disbursement amount is reported as deferred income and and released on a scheduled basis.

Liabilities are recognized with their settlement amount in accordance with section 253 (1) sentence 2 HGB. Any difference between the principal amount and the amount paid out is recognized as a deferred item and reversed as scheduled.

The Bank securitized receivables as part of an RMBS transaction. The opportunities and risks of the assigned receivables remain with the bank. Due to the lack of a transfer of beneficial ownership, the receivables continue to be recognized in ING-DiBa AG's balance sheet. In the amount of the transferred receivables, the Bank recognizes an other liability that is treated as a collateralized liability.

2.1.1. Loan Loss Provision

The risk provisions in the lending business comprise impairment allowances and provisions for acute and latent credit risks. For this purpose, ING-DiBa applies the IDW's statement on accounting for general loan loss provision at banks (IDW RS BFA 7). In addition, there are provisions for general banking risks pursuant to section 340f HGB.

All acute individual risks in the lending business are addressed through the recognition specific valuation allowances and provisions. For acute default risks on portfolio basis, collective valuation allowances are recognized based on the bank’s IFRS credit risk models. The latter are also applied for the recognition of general valuation allowances which address inherent credit risks. Valuation allowances are determined depending on the changes in credit quality since the time of initial recognition. They are calculated either in the amount of the 12-month expected credit loss (1-year expected loss) or, if there is a significant deterioration in the default risk compared to the date of initial recognition or a default event, in the amount of the expected credit loss over the remaining term of the loan (lifetime expected loss). ING-DiBa AG determines the ECL (Expected Credit Loss) as the product of PD x EAD x LGD, taking into account the time value of money. PD refers to the probability of default, EAD the exposure at default and LGD the loss given default. Provisions are recognized for inherent credit risks from off-balance sheet obligations. There are no differences in the bases of assessment for the calculation of loan loss provisions between HGB and IFRS with a significant impact on the loan loss provision itself. Valuation allowances for expected credit losses are measured on a probability-weighted basis, taking into account scenarios and verifiable information about past events, current conditions and predictions of future economic developments using macroeconomic factors. Whether a significant deterioration in credit risk has occurred or not is assessed on the basis of following criteria:

- significant increase of the probability of default over the entire maturity,
- high absolute probability of default pursuant to the internal rating approach,
- forbearance-status,
- intensive support,
- Loans on the watchlist,
- Increase in the probability of default to more than three times (backstop) and
- loans having a more than 30 day past due-backstop.

Forward-looking macroeconomic scenarios are modelled using data from two leading external providers with a base, up and down scenario. With regard to the basis scenario, forecasts of economic factors such as the unemployment rate, GDP growth, real estate prices and short-term interest rates are used in line with market opinion. The alternative scenarios are based on observed deviations in past forecasts, adjusted to the risks of the current economic situation and the forecast horizon. The assigned probability-weights are based on the likelihood of occurance with regard to the three scenarios and are derived from the confidence intervals of a probability distribution. The scenarios are adjusted on a quarterly basis.

For the bank, additional risk provisions have been taken into account which were determined by management decision. For Retail Banking, additional risk provisions were made due to increased price levels on the German residential real estate market as well as high inflation and interest rate developments. For Wholesale Banking additional provision were reflected by indirect effects of the war in Ukraine.

2.1.2. Derivative financial instruments

Forward exchange contracts, interest rate swaps, cross-currency swaps, credit-default swaps and options are measured at the level of individual transactions. Interest rate and cross currency swaps in the banking book, which serve to hedge the general interest rate risk, are not valued individually as they are included in the loss-free valuation of the banking book. The translation effects of interest rate swap agreements in foreign currencies are recognized in the balance sheet.

The rate for forward exchange contracts comprises the spot rate and the calculated swap rate. The swap rate is calculated as the difference between the spot exchange rate and the forward rate on the reporting date. This is amortized on a straight-line basis over the remaining term of the forward exchange contract as an interest rate correction and recognized in net interest income. Provisions for expected losses on forward exchange contracts are recognized in case the current fair value is lower than the carrying amount.

Acquired option rights and credit-default swaps are capitalized at cost and measured in accordance with the methods applicable to current assets. Existing payment obligations arising from acquired option rights (forward fees) or credit-default swaps are recognized as a liability at the settlement amount.

As part of the new product process for forward rate agreements, the disclosure of variation margins and the resulting income and expenses was adjusted. The previous year's figures were not adjusted.

2.1.3. Measurement at net realizable value

Interest-bearing loans and advances, securities, and derivatives in the banking book are generally not valued on an interest-induced basis. Only securities assigned to the liquidity reserve, available-for-sale loans and advances, and banking book options are recognized at the strict lower of cost or market principle under the imparity principle. Nonetheless, for the purposes of accounting for the general interest rate risk management in the banking book, all receivables and refinancing funds in the banking book are measured in their entirety, taking into account changes in interest rates. The banking book has to be measured at net realizable value. A provision for expected losses is recognized if a loss is expected from the banking book due to a negative overall present value.

The Bank uses the net present value method to determine any future excess obligation. The calculation as of December 31, 2022 revealed that the net present value of the banking book exceeds the carrying amount significantly. Therefore, as of December 31, 2022, there is no need to recognize a provision for expected losses from banking book transactions.

2.1.4. Deferred tax

If there are differences between the carrying amounts of assets, liabilities, deferred income, and prepaid expenses recognized in the financial statements and their tax bases, and these differences are expected to reverse in subsequent fiscal years, any resulting net tax burden is recognized as a deferred tax liability in the balance sheet pursuant to section 274 (1) HGB. Any resulting net tax credit may be recognized as a deferred tax asset in the balance sheet. ING-DiBa AG did not recognize any deferred taxes in the fiscal year under review.

2.1.5. Tax allocation

Since 2017, there has been an income tax allocation agreement for the tax group with ING Holding Deutschland GmbH, Frankfurt am Main, which is the tax group parent. The tax allocations payable to the tax group parent are used to cover the liquidity required to make various tax payments. The tax allocations are determined in a way that ensures that the tax burden is allocated fairly within the income tax group to those responsible for the tax and in a way that makes business sense.

2.1.6. Restrictions on distributions and transfers

In order to protect creditors, restrictions on distribution and transfer must be observed pursuant to section 268 (8) HGB and section 301 AktG. Section 253 (6) HGB includes a restriction on distribution, which pursuant to section 301 AktG does not lead to a restriction on transfer.

Pursuant to section 268 (8) HGB in conjunction with section 301 AktG, EUR 13 million (PY: EUR 24 million) was subject to restrictions on distribution and transfer as of the balance sheet date. Of this amount, EUR 13 million (PY: EUR 13 million) related to internally generated intangible fixed assets recognized pursuant to section 248 (2) HGB and EUR 0 million (PY: EUR 11 million) to the fair values of plan assets in excess of historical cost pursuant to section 246 (2) HGB.

Pursuant to section 253 (2) HGB, provisions for pension benefit obligations have been recognized based on the average market interest rate for the past ten fiscal years since the December 31, 2016 reporting date. Pursuant to section 253 (6) HGB, the difference is to be calculated between this approach and the previous approach, which was based on the average market interest rate for the past seven fiscal years. The resulting positive difference is restricted from distribution. This led to an amount restricted from distribution of EUR 9 million as of December 31, 2022 (PY: EUR 13 million).

The restricted amount reduces the maximum distributable or transferable amount. The distributable capital reserves pursuant to section 272 (2) no. 4 HGB and the retained earnings amounted to EUR 4.5 billion (PY: EUR 4.4 billion). Consequently, a maximum of EUR 4.5 billion (PY: EUR 4.4 billion) was distributable and a maximum of EUR 4.5 billion (PY: EUR 4.4 billion) was transferable under commercial law as of December 31, 2022.

This means that the restrictions on distribution or transfer described above do not have any effect on the profit after tax allocation of EUR 706 million (PY: EUR 596 million) to be transferred.

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
Restrictions on distributions and transfers pursuant to section 268 (8) HGB in conjunction with section 301 AktG	**13**	**24**
Internally generated intangible fixed assets	13	13
Fair values of plan assets in excess of historical cost pursuant to section 246 (2) HGB	0	11
Restrictions on distributions pursuant to section 253 (6) HGB	**9**	**13**
Difference (gain) from changes in market interest rates	9	13
Total restrictions on distribution pursuant to the HGB	**22**	**37**

2.1.7. Currency translation

Forward exchange contracts for assets, liabilities, and off-balance sheet transactions is performed in accordance with section 340h HGB in conjunction with section 256a HGB. Accounts receivable and liabilities denominated in foreign currency, as well as spot dealings not yet settled are translated at the mean spot rate on the balance sheet date.

The rate for currency forwards comprises the spot exchange rate and the calculated swap rate. Changes in the spot exchange rate between the transaction date and the next balance sheet date are reported in other operating expenses or other operating income in the same way as exchange differences from spot dealings. The swap rate included in this amount is presented separately. This is unwound on a straight-line basis as an adjustment to interest cost over the remaining term of the currency forward.

The Bank manages currency risk as part of the special cover for the overall exposure per currency, which includes all on- and off-balance sheet foreign currency transactions.

2.2. Bonds and other fixed-income securities

The securities portfolio is recognized at cost plus accrued interest using the weighted average cost method. To the extent securities are allocated to the liquidity reserve and the securities are not hedged, they are recognized pursuant to the strict lower of cost or market principle (section 253 (4) HGB).

Long-term securities are measured at amortized cost and are intended to be held to maturity (section 253 (3) HGB). To the extent of being interest-related, the difference between cost and repayment amount is allocated proportionally over the residual maturity and presented as interest income from fixed-income securities and book-entry securities. If long-term securities are affected by permanent impairment, they are written down to the lower value. In the case of a temporary impairment, there is an option to refrain from a write-down.

Impairment losses are reversed on long-term securities that have previously been reclassified from the liquidity reserve into the investment portfolio if the original reason for the impairment no longer exists and the quoted or market price as of the balance sheet date has increased again compared to the carrying amount. The original cost is the upper limit for such reversals.

2.3. Equity investments and investments in affiliated companies

Equity investments and investments in affiliated companies are measured at cost or lower net realizable value if an impairment is expected to be permanent.

2.4. Intangible fixed assets

Intangible fixed assets are recognized at cost less amortization. No impairment losses were required in the fiscal year.

Expenditures for a self-created software are recognized as an expense, unless the criteria for capitalization of an asset are met. There is no interest on borrowings in cost of sales.

2.5. Tangible fixed assets

Tangible fixed assets are recognized at cost less depreciation based on the useful life. Low-value assets purchased during the fiscal year, the costs of which are between EUR 250 and EUR 1,000 (net), are allocated to a collective item and depreciated over five years.

2.6. Prepaid expenses

Expenditure prior to the balance sheet date is reported as a prepaid expense, provided this represents an expense for a specific period after that date. Prepaid expense items are recognized for premiums and discounts from *Pfandbriefe* issued by ING-DiBa. These are reversed as scheduled in accordance with the utilization of capital.

In addition, brokerage commissions for mortgage loans are recognized as prepaid expenses and amortized over the respective interest rate period of the individual mortgage loans, however not more than ten years. Accruals are recognized for fair value settlement in Wholesale Banking (difference between nominal amount and cost due to changes in interest rates). This is amortized over the respective term of the loan agreements.

In addition, prepaid expenses are recognized for upfront payments from concluded hedging transactions. These are reversed ratably over the term of the hedging transaction.

2.7. Deferred income

Receipts prior to the balance sheet date that represent income for a specific period after that date are reported as deferred income. Deferred income is recognized for discounts on disbursed mortgage loans and premiums on issued Pfandbriefe issued by ING-DiBa AG, which are reversed on a scheduled basis in line with capital utilization.

Deferred income items are recognized for upfront payments from concluded hedging transactions. These are reversed ratably over the term of the hedging transaction.

Deferred income is also recognized for interest-induced loan processing fees and fair value settlement in Wholesale Banking (difference between nominal amount and cost due to changes in interest rates). This is amortized over the respective term of the loan agreements.

2.8. Provisions

2.8.1. Tax and other provisions

Pursuant to section 253 (1) HGB, tax and other provisions must be measured such that they take into account all discernible risks and obligations based on prudent business judgment considering future cost and price increases (settlement amount).

Provisions with a term of more than one year are discounted pursuant to section 253 (2) HGB over their residual term using the average market interest rate for the past seven fiscal years calculated by Deutsche Bundesbank.

2.8.2. Provisions for pensions and similar obligations

Provisions for pensions and similar obligations are calculated pursuant to recognized actuarial principles using the projected unit credit method. The Klaus Heubeck 2018 G mortality tables were used as the biometric basis. The provisions are collectively discounted pursuant to section 253 (2) HGB using the average rate of interest of the past ten years (1.78 percent; PY: 1.87 percent) applicable to an assumed remaining term of 15 years. This discount rate is calculated and published each month by the German Central Bank (*Deutsche Bundesbank*) pursuant to the Regulation on the Discounting of Provisions (*Rückstellungsabzinsungsverordnung*, "RückAbzinsV"). Salary and pension adjustments of 3.00 percent and 2.00 percent, respectively, are included (PY: 2.75 percent and 1.75 percent, respectively). In addition to the obligations from current pensions and the prospective entitlements existing at the balance sheet date, obligations for transitional benefits for early retirement (*Altersübergangsgeld*), anniversaries (*Jubiläen*), death benefits (*Sterbegeld*) and partial retirement (*Altersteilzeit*) are also recognized.

The difference pursuant to section 253 (6) HGB between the recognition of provisions based on the average market interest rate of the past ten years and the recognition under the previous rule for pension provisions (seven years) is EUR 9 million (PY: EUR 13 million). A distribution restriction applies to this amount if it does not at least match the distributable reserves plus retained profits brought forward less any accumulated losses brought forward.

Pursuant to section 246 (2) HGB, assets that are exempt from attachment by all other creditors and that serve exclusively to settle liabilities from pension benefit obligations have to be offset against such liabilities. If the fair value of the assets exceeds the amount of liabilities, the excess amount must be recognized under a separate asset item. Underfunding of pension obligations and the related plan assets is recognized in pension provisions. The pension obligations and the related plan assets are structured in several accounting groups. A netting of plan assets with pension obligations is only possible within one settlement group.

The provisions for pensions are recognized for pension obligations in the direct commitment and pension fund schemes. Pension obligations are financed by two contractual trust arrangements (CTA) on behalf of Metzler Trust e. V. The pension fund commitments exist via two collective agreements in a non-insurance solution with Generali Pensionsfonds AG.

These pension fund commitments are indirect pension obligations within the meaning of article 28 of the Introductory Act to the German Commercial Code (*Einführungsgesetz zum Handelsgesetzbuch*, "EGHGB"), for which there is basically a recognition option. ING-DiBa AG has decided to use the existing carrying amounts.

This results in a pension obligation totaling EUR 216 million as of the balance sheet date (PY: EUR 211 million). This obligation is covered by plan assets with a fair value of EUR 179 million (PY EUR 217 million). The fair value is determined on the basis of market prices for fund units. The cost of the plan assets is EUR 206 million (PY: EUR 206 million).

Pursuant to section 246 (2) HGB, interest expenses from compounding and interest income from discounting pension obligations, as well as income and expenses from offsetting plan assets must be netted. In the financial year, the discounting of pension obligations resulted in expenses of EUR 4 million (PY: EUR 5 million), and expenses from offsetting plan asserts amounted to EUR 29 million (PY: EUR 13 million). Overall, this resulted in an income of EUR 33 million for the fiscal year (PY: income EUR 8 million). The amounts are reported under other operating expenses or other operating income depending on the result of the offsetting. There were no other offsetting effects in the financial year.

2.9. Negative interest

The bank discloses the negative interest expenses and interest income separately as a sub-item in interest expense and interest income respectively. The accrued interests resulting from these transactions as of December 31, 2022 are allocated to the balance sheet item of the respective underlying business item in accordance with section 11 (1) RechKredV. Accrued interests on derivative financial instruments are reported under loans and advances to banks or customer and under depostis from banks and customer deposits.

3. Balance sheet disclosures

3.1. General

3.1.1. Maturity structure

Loans and advances, bonds, and liabilities are classified by maturity based on the residual terms. Pro-rata interest and similar amounts for the financial year are not included in the classification by residual terms.

3.1.2. Volume of assets and liabilities denominated in foreign currencies

The total amount of assets denominated in foreign currencies as of December 31, 2022 is EUR 11.3 billion (PY: EUR 11.5 billion) and the amount of liabilities is EUR 5.7 billion (PY: EUR 6.8 billion), respectively. There were also derivative financial instruments in foreign currencies, which are presented in section 7.4.1

3.2. Assets

3.2.1. Changes in fixed assets

	Amortized cost	transfer	Additions	Disposals	Reversals of impairments	Depreciation at the beginning of the fiscal year	Depreciation, amortization and impairments		Balance as of	Balance as of
	Jan. 1, 2022					Accumulat-ed	in the fiscal year	Accumulated	Dec. 31, 2022	Dec. 31, 2021
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Intangible fixed assets	152	0	13	17	0	123	16	123	26	29
Internally generated intangible fixed assets	61	2	5	6	0	48	7	49	13	13
Purchased intangible fixed assets	88	0	7	10	0	75	9	74	11	13
Advance payments	4	-3	1	0	0	0	0	0	2	4
Tangible fixed assets	116	0	10	23	0	90	16	84	20	27
Operating and office equipment	10	0	1	1	0	7	1	7	3	3
Equity investments	6	0	0	0	0	0	0	0	6	6
Investments in affiliated companies	35	0	0	35	0	0	0	0	0	35
Fixed-income securities [1]	21,343	0	605	896	2	24	9	15	21,038	21,319
Reclassified fixed-income securities [1]	1,721	0	0	69	0	2	1	3	1,649	1,719
Total	23,383	0	629	1,040	2	246	42	231	22,741	23,137

	Amortized cost Jan. 1, 2021 EUR million	transfer EUR million	Additions EUR million	Disposals EUR million	Reversals of impairments EUR million	Depreciation at the beginning of the fiscal year Accumulated EUR million	Depreciation, amortization and impariments in the fiscal year EUR million	 Accumula-ted EUR million	Balance as of Dec. 31, 2021 EUR million	Balance as of Dec. 31, 2020 EUR million
Intangible fixed assets	163	0	5	15	0	121	18	123	29	43
Internally generated intangible fixed assets	60	0	1	0	0	40	9	48	13	20
Purchased intangible fixed assets	101	1	1	15	0	81	9	75	13	20
Advance payments	3	-1	2	0	0	0	0	0	4	3
Tangible fixed assets	175	0	10	68	0	136	18	90	27	39
Operating and office equipment	12	0	0	2	0	7	1	7	3	4
Equity investments	6	0	0	0	0	0	0	0	6	6
Investments in affiliated companies	35	0	0	0	0	0	0	0	35	35
Fixed-income securities [1]	13,679	0	9,553	1,889	2	50	11	24	21,319	13,628
Reclassified fixed-income securities [1]	2,934	0	0	1,213	0	-4	2	2	1,719	2,938
Total	17,002	0	9,568	3,187	3	310	51	246	23,137	16,692

(1) The difference between cost and the repayment amount is allocated proportionally over the residual term; for reclassified securities, the difference is allocated between the amortized cost resulting from calculating straight-line amortization over time at the reclassification date and the repayment amount. The reversal of the differences is recognized as interest income from fixed-income securities and book-entry securities and presented as a reversal or write-down in the above statement of changes in fixed assets. Cumulative depreciation, amortization, and write-downs include the current fiscal year's depreciation, amortization, and write-downs and reversals of write-downs. In the case of reclassified assets, the difference between the historical cost and the amortized cost calculated up to the time of reclassification is also shown in the cumulative depreciation.

The disposals in the financial year resulted in a accumulated depreciation of EUR 58 million (PY: EUR 112 million).

No reclassifications of securities were made in the current financial year.

3.2.2. Loans and advances to banks

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
This item includes loans and advances to		
affiliated companies	6,387	6,615
other loans and advances to banks by remaining maturity		
a) up to three months	7	273
b) more than three months and up to one year	5,589	3,260
c) more than one and up to five years	936	3,369
d) more than five years	49	521
Total for all remaining maturities	6,581	7,423

The reduction in receivables from affiliated companies is mainly related to the decrease in deposits as as part of the liquidity management as well as an increase in accrued interest from derivatives at ING Bank N.V., Amsterdam, Netherlands.

In financial year 2022, the cash collateral will no longer be part of this balance sheet position and will be reported under other assets.

3.2.3. Loans and advances to customers

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
This item includes loans and advances to		
affiliated companies	266	482
other loans and advances to customers by remaining maturity		
a) up to three months	5,589	5,286
b) more than three months and up to one year	12,322	12,061
c) more than one and up to five years	52,060	51,536
d) more than five years	60,834	55,930
e) with indefinite maturity	367	2,312
Total for all remaining maturities	131,171	127,125

Loans and advances to customers include EUR 16.7 billion (PY: EUR 13.2 billion) in assets held to cover issued bonds.

3.2.4. Bonds and other fixed-income securities

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
Marketable securities included in this item		
of which listed	25,985	30,389
of which unlisted	1,257	765
Due in the following year (carrying amounts)	2,847	1,138
Securities of affiliated companies	16,037	20,355
Carrying amount of securities carried at an amount in excess of fair value	19,422	2,297
Market value of securities carried at an amount in excess of fair value	18,509	2,270

The securities that are carried at an amount that is higher than their fair value relate solely to negotiable securities.

In the current financial year, security prices have fallen sharply as a result of the significant increase in interest rates on the markets, which resulted in a significant increase in hidden liabilities. The bank assumes that the impairments are only interest driven and therefore temporary and that they will be redeemed at nominal value. Both internal and and external rating systems confirm the unchanged and good credit creditworthiness of the securities portfolio.

Bonds and other fixed-income securities are securitized in full.

3.2.5. Equity investments and investments in affiliated companies

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
Equity investments		
Carrying amount	6	6
Negotiable	0	0
Investments in affiliated companies		
Carrying amount	0	35
Negotiable	0	0

The balance sheet value of shares in affiliated companies changed due to the liquidation of GGV Gesellschaft für Grundstücks- und Vermögensverwaltung mbH i.L., Frankfurt am Main, after the end of the blocking year.

3.2.6. Trust assets

The trust assets in the amount of EUR 3 thousand (PY: EUR 6 thousand) relate exclusively to trust loans.

3.2.7. Intangible fixed assets

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
Internally generated software	13	13
Purchased software, licenses and other rights	11	13
Advance payments	2	4
Total	26	29

The depreciation and amortisation recognised in the financial year for internally generated software year plus the disposals from depreciation in the amount of EUR 1 million (PY: EUR 8 million) are offset by the additions, disposals, reclassifications and transfers in the amount of EUR 1 million (PY: EUR 1 million). This results in an only insignificantly book value at the end of the financial year.

Research and development expenses in the amount of EUR 0 million (PY: EUR 1 million) have been accrued in the financial year. Thereof EUR 0 million (PY: EUR 1 million) are attributable to internally generated intangible assets pursuant to section 248 (2) HGB.

3.2.8. Other assets

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
Variation Margins	416	0
Option rights	55	128
Receivables from pending ATM items	34	45
Foreign currency position from pending transactions	26	5
FMSA cash collateral	20	16
Other items	90	109
Total	640	302

Variation margins are collateral provided for derivatives, securities repurchase agreements and collateralised loans for refinancing purposes. In the the previous year, these collateral deposits were reported under loans and advances to banks or customers.

The reported option rights amounting to EUR 55 million (PY: EUR 128 million) are swaptions and credit default swaps. The option rights are offset by liabilities from forward fees and premiums payable in the amount of EUR 70 million (PY: EUR 162 million), which are reported under deposits from banks and customer deposits.

ING-DiBa AG has outsourced ATM servicing to a third-party service provider. The cash made available to fill the ATMs is reported as a pending item under other assets.

The reported foreign currency position from pending transactions comprises the surplus of currency delivery claims over delivery liabilities on translation of the foreign currency position at the average spot exchange rate as well as the swap rate recognized on the asset side of the balance sheet for the forwards and swaps.

In the fiscal year, the bank utilized the option to provide a further part of the contribution to the bank levy as an irrevocable payment commitment (IPC) in the form of cash collateral deposited with the supervisory authorities. Hence, an amount of EUR 5 million (PY EUR 3 million) as the maximum permitted IPC contribution was transferred.

The other items mainly comprise invoice receivables.

3.2.9. Prepaid expenses

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
Commissions on mortgage lending	568	528
Upfront payments for hedging transactions	484	513
Other prepaid expenses	66	55
Total	1,118	1,097

The payments made for hedging transactions results from upfront payments for interest rate derivatives.

3.3. Liabilities and equity

3.3.1. Deposits from banks

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
This item includes deposits from		
affiliated companies	11,821	18,162
other deposits from banks by remaining maturity		
a) up to three months	1,115	1,128
b) more than three months and up to one year	7,037	3,203
c) more than one year and up to five years	6,453	16,052
d) more than five years	1,398	2,290
Total for all remaining maturities	16,003	22,673

The decrease in liabilities to affiliated companies is mainly due to the decline in genuine repurchase agreements in the context of refinancing with ING Bank N.V., Amsterdam, Neth-erlands.

3.3.2. Customer deposits

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
This item includes amounts due to		
affiliated companies	283	169
Savings deposits with an agreed term or period of notice, by remaining maturity		
a) up to three months	58	54
b) more than three months and up to one year	0	0
c) more than one and up to five years	203	199
d) more than five years	28	28
Total for all remaining maturities	288	282
Other amounts due to customers by remaining maturity		
a) up to three months	1,616	2,261
b) more than three months and up to one year	3,284	1,389
c) more than one and up to five years	773	245
d) more than five years	6	9
Total for all remaining maturities	5,680	3,903

3.3.3. Securitized liabilities

The item bonds issued consists exclusively of Pfandbriefe issued.

In the financial year 2022 Pfandbriefe with a nominal value of EUR 2,500 million were newly issued. Of the bonds issued, EUR 1,000 million will mature next year (2021: EUR 80 million).

3.3.4. Trust liabilities

Trust liabilities in the amount of EUR 3 thousand (PY: EUR 6 thousand) correspond to trust assets.

3.3.5. Other liabilities

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
Liabilities from transfer of mortgage loans	9,012	9,012.2
Liabilities from variation margins	5,466	0.0
Liability from profit and loss transfer agreement	706	596
Other items	266	389
Total	15,450	9,997
Liabilities to affiliated companies included in this amount	9,752	9,634

Other liabilities mainly consist of liabilities to the special purpose vehicle German Lion RMBS S.A., Luxembourg, which correspond to the amount of the transferred mortgage loans and are securitized. The position also includes an interest accrual from the transfer.

Other items include variation margins received. These are collateral received for derivatives that were mainly settled via central counterparties (clearing houses). In the previous year, this collateral was reported under deposits from banks and customer deposits.

Furthermore, the other liabilities include a liability to ING Deutschland GmbH, Frankfurt am Main, under the existing profit and loss transfer agreement.

3.3.6. Deferred income

	Dec.31, 2022 EUR million	Dec.31, 2021 EUR million
Payments received for hedging transactions	315	284
Payments received from issuing business	113	115
Loan processing fees from lending business - Wholesale Banking	50	46
Other deferred income	1	7
Total	480	452

Payments received for hedging transactions were due to upfront payments for concluded interest rate derivatives.

The payments received from issuing business are related to the bonds issued and the securitization of receivables. These are amortized ratably over the remaining terms of the corresponding debt securities.

3.3.7. Other provisions

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
Provisions for personnel	83	91
Provisions for expected losses	23	24
Contribution to the Compensation Scheme of German Banks (EdB)	19	27
Marketing	13	11
Other items	76	76
Total	214	229

The provisions for expected losses mainly relate to forward exchange transactions (see 2.1.1.) and anticipated losses from the lending business of Wholesale Banking.

The provisions also include the mandatory contribution to the Compensation Scheme of German Banks (Entschädigungseinrichtung deutscher Banken, "EdB") until December 31, 2022 for the contribution year October 1, 2022 to September 30, 2023. The provision is calculated on the basis of the parameters provided by the EdB. Since the contribution is calculated based on the metrics of all banks with an obligation to make contributions, the Bank has made institution-specific assumptions with respect to the risk parameters and the amount of covered deposits. Due to adjusted calculation parameters by the EdB, there is a lower provision for the financial year 2022.

3.3.8. Subordinated liabilities

In the financial year, the Bank concluded a new subordinated loans (Loan 4) with a total nominal amount of EUR 750 million. The total amount of subordinated liabilities as at December 31, 2022 was EUR 3.9 billion (PY: EUR 3.1 billion). Interest expenses of EUR 30 million (PY: EUR 7 million) were incurred on these liabilities. The lender of the subordinated loan is ING Deutschland GmbH. There are no subordinated liabilities in foreign currency.

The subordinated liabilities exceeding 10% of the total reported are as follows:

	notional value EUR million	interest rate	maturity date
Loan 1			
Tranche 1	500	6 M-Euribor + 0,85 %	Dec. 14, 2027
Tranche 2	500	6 M-Euribor + 1,10 %	Dec. 14, 2029
Tranche 3	400	6 M-Euribor + 1,20 %	Dec. 14, 2032
Loan 2	1,000	6 M-Euribor + 0,49 %	Nov. 14, 2026
Loan 3	700	6 M-Euribor + 0,75 %	Nov. 14, 2029
Loan 4	750	6 M-Euribor + 1,44 %	Nov. 14, 2027
Total	3,850		

In the case of insolvency proceedings or liquidation of the Bank, the liabilities will only have to be repaid once all non-subordinated creditors have been satisfied. Conversion to equity or another form of debt has not been agreed. A premature repayment obligation has been excluded.

For each tranche of the first loan, ING-DiBa AG has the right to a call option of 5 years before maturity. For the second loan, third and fourth loan, ING-DiBa AG has a call option of 1 year before final maturity.

3.3.9. Equity

3.3.9.1. Subscribed capital

ING-DiBa's subscribed capital as of December 31, 2022 remained unchanged at EUR 100 million and is divided into 100 million no-par-value shares. The shares are bearer shares.

3.3.9.2. Capital reserves

The capital reserves amount to EUR 3.8 billion (PY: EUR 3.8 billion). The capital reserve increased by EUR 30 million due to the merger with Lendico Deutschland GmbH and decreased by EUR 8 million due to the sale of the branch in Austria.

3.3.9.3. Retained earnings

Retained earnings were unchanged at EUR 20 million.

3.4. Other disclosures

3.4.1. Contingent liabilities

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
a) Liabilities from guarantees and indemnity agreements		
Guarantees given	1,781	1,987
Letters of credit	8	410
Guarantee business	23	26
Documentary business - import	0	1
Documentary business - export	0	25
Total	1,811	2,449
b) Liabilities from the provision of collateral for third-party liabilities	36	13
Total	1,847	2,462
Contingent liabilities to affiliated companies included in this amount	302	466

The contingent liabilities reported resulted primarily from the Wholesale Banking business. In addition, provisions were also made for latent credit risk arising from contingent liabilities.

3.4.2. Other commitments

Other obligations consist exclusively of irrevocable loan commitments of EUR 22.0 billion (PY: EUR 21.6 billion), which the Bank expects to be utilized over the course of the fiscal year, at least in the retail banking business. In addition, contingent credit risks were also accounted for in the form of provisions.

3.4.3. Assets pledged as collateral

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
For deposits from banks	9,426	16,175
For other liabilities	9,000	9,000
For contingent liabilities	36	13

For liabilities to banks and other liabilities, mortgage loans have been transferred to Kreditanstalt für Wiederaufbau, Frankfurt am Main, in the amount of EUR 4.1 billion (PY: EUR 4.6 billion) and to the special-purpose vehicle German Lion RMBS S.A., Luxembourg, in the amount of EUR 9.0 billion (PY: EUR 9.0 billion) as collateral.

Collateral payments of EUR 5.3 billion (PY: EUR 11.5 billion) have been transferred for deposits from banks under a repurchase agreement. An decrease collateral transferred is mainly due to the decrease in genuine repurchase agreements as part of refinancing with refinancing transactions with ING Bank N.V.

Collaterals transferred for contingent liabilities consist exclusively of securities that were transferred to Eurex Clearing AG, Frankfurt am Main.

4. Income Statement Disclosures

4.1. Other operating income

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
Revenues with ING Group	74	19
Income from the reversal of provisions	45	44
Currency translation gains	13	12
Interest Income from Collaterals	10	0
Other items	17	29
Total	159	105

Revenues with ING Group is income from internal services within the ING Groep N.V. In addition, this item includes income from RMBS securitizations of residential mortgages, for which the Bank acts as both originator and investor.

Interest income from collateral results from variation margins to be provided in the context of derivatives settled via a central counterparty. In the previous year the income was reported under net interest income.

4.2. Other operating expenses

	2022 EUR million	2021 EUR million
Expenses with ING Group	99	80
Result from disposal of options	78	29
Expenses from actuarial valuations	33	0
Interest expenses from Collaterals	19	0
Other items	26	86
Total	255	194

Expenses with ING Group relate to expenses for internal services within the ING Groep N.V. Group. The increase in these expenses is mainly due to the cost allocation by ING Group, through which more services were charged in the financial year than in the previous year.

The increase in expenses from disposals and valuation of options is due to the lower valuation of the swaptions in the face of rising interest rates.

The interest expenses from collateral result from variation margins that have to be provided within the scope of derivatives settled via a central counterparty. In the previous year, the expenses were reported in net interest income.

4.3. Income taxes

	2022 EUR million	2021 EUR million
Tax allocation	291	469
Corporate income tax - Austria	2	15
Total	293	484

The tax allocation results from the income tax allocation agreement with ING Deutschland GmbH, described in section 2.1.4.

For the former branch ING-DiBa Austria, which is not part of the tax group, corporate income tax payments were incurred for previous years.

5. Events after the Reporting Period

There were no events of special significance that occurred after the end of the financial year.

6. Pfandbrief Disclosures (According to Section 28 PfandBG)

6.1. Cover pool report

	Nominal value		Net present value		Risk-adjusted net present value[1] - shift up		Risk-adjusted net present value[1] - shift down	
	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
Mortgage *Pfandbriefe*	7,355	4,935	6,454	5,075	6,088	4,730	6,854	5,166
Cover pool	11,785	9,199	10,439	9,944	9,785	9,310	11,158	10,081
in % of outstanding *Pfandbriefe*	160%	186%	162%	196%	161%	197%	163%	195%
of which excess cover	522	280	461	282	438	269	486	283
in % of outstanding *Pfandbriefe*	7%	6%	7%	6%	7%	6%	7%	6%
Cover pool	11,785	9,199	10,439	9,944	9,785	9,310	11,158	10,081
of which prime (1) residential mortgages	11,263	8,919	9,979	9,663	9,347	9,042	10,673	9,798
in % of outstanding *Pfandbriefe*	153%	181%	155%	190%	154%	191%	156%	190%
of which further cover assets	522	280	461	282	438	269	486	283
of which excess cover	522	280	461	282	438	269	486	283
of which section 19 (1) no. 2	0	0	0	0	0	0	0	0
of which section 19 (1) no. 3	0	0	0	0	0	0	0	0
Liquidity cover only	0	0	0	0	0	0	0	0
Excess cover	4,430	4,264	3,985	4,869	3,698	4,581	4,304	4,915
Excess cover in % of Pfandbriefe Outstanding	60%	86%	62%	96%	61%	97%	63%	95%
of which legal excess cover[2]	293	200	129	102				
of which contractual cover	0	0	0	0				
of which voluntary excess cover	4,136	4,064	3,856	4,767				

(1) Dynamic approach pursuant to section 5 (1) no. 2 of the Pfandbrief Net Present Value Directive ("PfandBarwertV")
(2) The statutory excess cover requirement is made up of the present-value collateralised excess cover pursuant to §4 (1) Pfandbrief Act (PfandBG), including interest rate and currency stress scenarios pursuant to § 4 (2) PfandBG.

The cover pool does not contain any derivatives. All cover assets and *Pfandbriefe* are denominated exclusively in euros; no cover assets are denominated in foreign currencies.

6.2. Maturity profile

	Nominal value Pfandbriefe		Nominal amount Cover pool	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
	EUR million	EUR million	EUR million	EUR million
≤ 0.5 years	0	80	186	203
> 0.5 up to 1 year(s)	1,000	0	203	274
> 1 up to 1.5 years	50	0	380	187
> 1.5 up to 2 years	50	1,000	125	226
> 2 up to 3 years	0	100	472	385
> 3 up to 4 years	500	0	625	529
> 4 up to 5 years	750	500	758	639
> 5 up to 10 years	3,755	2,005	5,613	4,350
> 10 years	1,250	1,250	3,422	2,406
Total	7,355	4,935	11,785	9,199

6.3. Maturity profile – Deferral of maturity

	Nominal value Pfandbriefe		Nominal amount Cover pool	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
	EUR million	EUR million	EUR million	EUR million
≤ 0.5 years	0	0	186	203
> 0.5 up to 1 year(s)	0	0	203	274
> 1 up to 1.5 years	0	80	380	187
> 1.5 up to 2 years	1,000	0	125	226
> 2 up to 3 years	100	1,000	472	385
> 3 up to 4 years	0	100	625	529
> 4 up to 5 years	500	0	758	639
> 5 up to 10 years	4,505	2,505	5,613	4,350
> 10 years	1,250	1,250	3,422	2,406
Total	7,355	4,935	11,785	9,199

Effects of a maturity shift on the maturity structure of the Pfandbriefe/shift scenario: 12 months. This is an extremely unlikely scenario, which could only come into effect after the appointment of a cover pool administrator.

6.3.1. Conditions for postponment of the maturity for Pfandbriefe

The postponement of the maturity date is necessary in order to avoid the insolvency of the Pfandbrief bank with limited business activities (prevention of insolvency). The Pfandbrief bank with limited business activities is not over-indebted (no existing over-indebtedness) and there is reason to assume that the Pfandbrief bank business activity will be able to meet its liabilities due at the end of the maximum possible deferral period, taking into account further deferral options (positive fulfilment forecast).

6.3.2. Powers of the cover pool administrator in the event of postponement of maturity of the Pfandbriefe

The cover pool administrator may postpone the due dates of the redemption payments if the relevant prerequisites for this are met and conditions in accordance with § 30 (2b) PfandBG are fulfilled. The postponement period, which may not exceed a period of 12 months, shall be determined by the administrator as the cover pool administrator according to necessity. The cover pool administrator may postpone the due dates of redemption payments and interest payments due within one month of his appointment, to the end of that monthly period. If the custodian decides to the existence of the conditions pursuant to § 30 (2b) shall be irrefutably established. Such a postponement shall be taken into account within the framework of the maximum postponement period of 12 months.

The cover pool administrator may only exercise his authority uniformly for all Pfandbriefe of an issue. In doing so, the maturities may be postponed in whole or in part. The cover pool administrator shall postpone the maturity for a Pfandbrief issue in such a way, the original order of servicing of the Pfandbriefe which could be overtaken by the postponement (prohibition of overtaking). This may result in the maturities of later maturing issues also having to be postponed in order to comply with the prohibition of overtaking. See in addition also § 30 (2a) and (2b) PfandBG.

6.4. List of international securities identification numbers of the International Organization for Standardization (ISIN)

Dec. 31, 2022	Dec. 31, 2021
DE000A1KRJJ1, DE000A1KRJN3, DE000A1KRJP8, DE000A1KRJQ6, DE000A1KRJR4, DE000A1KRJS2, DE000A1KRJT0, DE000A1KRJU8, DE000A1KRJV6, DE000A2YNWA1, DE000A2YNWB9	DE000A1KRJB8, DE000A1KRJC6, DE000A1KRJH5, DE000A1KRJJ1, DE000A1KRJN3, DE000A1KRJP8, DE000A1KRJQ6, DE000A1KRJR4, DE000A1KRJS2, DE000A1KRJT0, DE000A1KRJU8, DE000A1KRJV6

6.5. Key figures on liquidity

	Dec. 31, 2022	Dec. 31, 2021
Largest negative amount within the next 180 days within the meaning of § 4 (1a) sentence 3 PfandBG for Pfandbriefe (liquidity requirement)	0	0
Day on which the largest negative sum occurs.	0	0
Total amount of the cover assets that meet the requirements of of § 4 (1a) sentence 3 PfandBG (liquidity cover, in EUR million).	522	0
Liquidity cover less liquidity requirement (liquidity surplus, in EUR million)	522	0

6.6. Additional key figures

	Dec. 31, 2022	Dec. 31, 2021
Fixed-interest *Pfandbriefe* as a percentage of covered liabilities	99%	98%
Fixed-interest cover assets as a percentage of total cover pool	100%	100%
Volume-weighted average age of receivables (in years)	5	5
Weighted average loan to value ratio	55%	48%

6.7. Mortgages by size classes

	Nominal value		% of mortgage receivables	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
	EUR million	EUR million	%	%
≤ € 0.3 million	9,814	8,151	87	91
> € 0.3 million up to € 1.0 million	1,363	718	12	8
> € 1 million up to € 10.0 million	85	49	1	1
> € 10.0 million	0	0	0	0
Total	11,263	8,919	100	100

6.8. Mortgages by federal states

	Nominal value		% of mortgage receivables	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
	EUR million	EUR million	%	%
Baden-Württemberg	1,052	865	9	10
Bavaria	1,821	1,304	16	15
Berlin	1,000	750	9	8
Brandenburg	703	574	6	6
Bremen	54	42	1	1
Hamburg	659	496	6	6
Hessen	1,382	1,122	12	13
Mecklenburg-West Pomerania	160	130	1	2
Lower Saxony	770	616	7	7
North Rhine-Westphalia	2,139	1,761	19	20
Rhineland-Palatinate	363	297	3	3
Saarland	31	28	0	0
Saxony	359	309	3	4
Saxony-Anhalt	130	108	1	1
Schleswig-Holstein	527	418	5	5
Thuringia	112	98	1	1
Total	11,263	8,919	100	100

6.9. Mortgages by property type

	Nominal value		% of mortgage receivables	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
	EUR million	EUR million	%	%
Residential use				
Apartments	3,738	2,892	33	32
Single and two-family houses	7,524	6,027	67	68
Multi-family houses	0	0	0	0
Total	11,263	8,919	100	100

There were no mortgage loans for commercial use in the financial year and in the previous year.

	Residential use		Commercial use	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Pending foreclosures	0	0	0	0
Completed foreclosures	0	0	0	0
Mortgages taken over	0	0	0	0
Interest in arrears in EUR	15,892	10,757	0	0

The share of the cover assets in the cover pool pursuant to § 28 (1) sent. 1 no. 15 PfandBG, for which or whose debtor is deemed to have defaulted in accordance with Art. 178 (1) CRR, is 0.00% in the financial year as well as in the previous year.

There were no mortgage loans at least 90 days in arrears in the financial year or the previous year.

7. Other Disclosures

7.1. Other financial commitments and off-balance sheet transactions

7.1.1. From an obligation to make additional payments

ING-DiBa has accepted a release from liability vis-à-vis VISA Inc. for a credit card processing company as its vicarious agent in connection with compliance with the obligations from the "VISA International operating regulations" ("interchange").

The Bank has an obligation to make additional payments to the pension fund in the event the plan assets of the respective post-employment benefits scheme do not sufficiently cover the pension obligations.

There is a further obligation to make additional contributions to the clearing fund of Eurex Clearing AG, Frankfurt am Main. To the extent that this fund does not sufficiently cover obligations subsequent to the realization of the collateral provided by another clearing member for the event of default, the non-affected members may face claims not to exceed double the contribution requirement. As of December 31, 2022, the liability cap is EUR 71 million (PY: EUR 26 million). The Bank does not currently assume that there will be any claims.

7.1.2. From outsourcing obligations

ING-DiBa has outsourced some IT tasks. For 2023 this will result in a projected expense of EUR 94 million. This relates to expenses from contracts that are adjusted every year. An annual expense of up to EUR 96 million is currently projected for the following years.

7.1.3. From secondary liability

As part of the spin-off in 2011 of the former Frankfurt branch of ING Bank N.V. from ING Bank N.V., Amsterdam, to Conifer B.V. and the subsequent merger with ING-DiBa, ING-DiBa assumed Conifer B.V.'s secondary liability obligations existing by operation of the law for the protection of ING Bank N.V.'s creditors. This secondary liability obligation is anchored in article 2:334t of the Dutch Civil Code and applies to certain obligations on the part of ING Bank N.V. existing as of the effective date of the spin-off (August 31, 2011).

With regard to the scope of liability, a distinction has to be drawn between joint and several obligations. Joint obligations of ING Bank N.V. are subject to the joint liability of ING-DiBa and ING Bank N.V. The secondary liability in respect of the several obligations is limited to the value of the net assets of the Frankfurt branch of ING Bank N.V. as of the date of the spin-off to Conifer B.V.

The term of this liability is unlimited and expires only upon the extinguishment of the relevant obligation. The Bank does not currently anticipate any claims under this liability.

The sale of the retail business in Austria in the 2021 financial year and the sale of the wholesal businss in Austria in 2022 gives rise to a subsequent liability resulting from contractual guarantees to the buyer or third parties, which expire in the short to medium term after the transfer of ownership. Based on the current situation, the bank does not expect any claims to be made.

7.1.4. Contributions to deposit and bank protection schemes

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
Contributions to deposit protection schemes	68	111
Additional agreement on contractual payment obligations	240	208
Contributions to the bank levy	25	16
Additional agreement on irrevocable payment obligations	20	16

As a member of the Compensation Scheme of German Banks (Entschädigungseinrichtung deutscher Banken GmbH, "EdB"), ING-DiBa AG is obliged to pay annual contributions. The EdB's calculation model is based, among other things, on the covered deposits and the risk parameters of all of the banks affiliated with the EdB. ING-DiBa AG does not have any information about the metrics of other banks or the estimated risk parameters that the EdB uses for ING-DiBa. The provisions recognized as of December 31, 2022 are therefore subject to estimation uncertainty.

ING-DiBa AG exercised the option to provide part of the annual contribution to the EdB and the German Deposit Protection Fund (Einlagensicherungsfonds, "ESF") as well as the European bank levy as a contractual and irrevocable payment obligation.

The contributions to bank protection include an amount of EUR 25 million (PY: EUR 16 million) for the European bank levy.

Securities in the amount of 30 percent (PY: 30 percent) of the contribution have been deposited for the contributions to the EdB and ESF. Irrevocable payment obligations in the form of a cash contribution were agreed for 15 percent (PY: 15 percent) of the contribution to the bank levy. Neither collateral results in an expense in the fiscal year.

Further payment obligations are expected to accumulate every year until 2024 and, together with any obligation to make additional contributions, will impact the Bank's financial position.

7.2. Shareholdings

	Share in equity 31. Dec., 2022 %	Equity 31. Dec., 2021 EUR thousand	Net profit/loss for the fiscal year 2021 EUR thousand
GGV Gesellschaft für Grundstücks- und Vermögensverwaltung mbH, Frankfurt am Main	0	35,060	43

Under the existing control and profit and loss transfer agreement, the profit of GGV Gesellschaft für Grundstücks- und Vermögensverwaltung mbH i.L. for the fiscal year 2021 in the amount of EUR 43 thousand have been transferred to ING-DiBa AG. The company was deleted after the end of the blocking year.

7.3. Auditor's fee

The auditors' fees charged for the fiscal year are not disclosed in ING-DiBa AG's annual finan-cial statements because they are included in the consolidated subgroup financial state-ments of ING Deutschland. The consolidated subgroup financial statements are published online at www.ing.de.

7.4. Derivative financial instruments

7.4.1. Interest rate and foreign currency swaps

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
Currency forwards		
Currency delivery claims (notional amount)	4,981	3,430
Currency delivery liabilities (notional amount)	4,936	3,467
Carrying amount (other assets)	13	0
Carrying amount (other liabilities)	45	35
Positive fair value	74	11
Negative fair value	16	45
Interest rate swaps in Euro		
Notional amount	474,405	323,462
Carrying amount (prepaid expenses)	478	512
Carrying amount (deferred income)	316	284
Positive fair value (excluding accrued interest)	26,305	3,822
Negative fair value (excluding accrued interest)	20,858	3,827
Interest rate swaps in foreign currency		
Notional amount	433	355
Carrying amount (prepaid expenses)	6	2
Carrying amount (deferred income)	0	1
Positive fair value (excluding accrued interest)	29	0
Negative fair value (excluding accrued interest)	0	10
Cross currency swaps		
Notional amount	4,315	4,425
Carrying amount (other assets)	0	0
Carrying amount (other liabilities)	165	101
Positive fair value (excluding accrued interest)	22	22
Negative fair value (excluding accrued interest)	189	129

Currency forwards serve to hedge exchange rate fluctuations. For this purpose the Bank concludes foreign currency forwards and swaps. These transactions are not part of hedges and are allocated in full to the special cover.

Interest rate derivatives and cross-currency swaps are concluded to cover interest rate and exchange rate fluctuations and are not part of a hedge. These are included in the banking book.

Standardized swaps (OTC derivatives) are measured using standard industry models, which incorporate inputs observed by providers of financial information, such as interest rates in particular. Individual OTC derivatives are measured on the basis of the multi-curve valuation. In the context of the IBOR reform, Ester (Euro Short-Term Rate) interest rate curves are also applied.

According to ING-DiBa AG's calculations, as of December 31, 2022, the present value of the banking book significantly exceeds the corresponding carrying amount.

7.4.2. Options

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
Swaptions		
Nominal value of the underlyings	710	2,817
Carrying amount (assets)	50	127
Carrying amount (liabilities)[1]	61	109
Positive market value	0	7
Negative market value	12	34

(1) A plausibility check showed that the previous year's value was underreported by EUR 46 million.

The swaptions in the portfolio were concluded to hedge non-linear interest rate risks, in particular from the mortgage lending portfolio. The valuation of the OTC interest rate options (swaptions) is based on the standard Black valuation method for European swaptions using normally distributed volatilities in addition to market interest rates.

7.4.3. Credit Default Swaps

	Dec. 31, 2022 EUR million	Dec. 31, 2021 EUR million
Credit Default Swaps		
Nominal value of the underlyings	379	174
Carrying amount (assets)	5	1
Carrying amount (liabilities)	8	7
Positive market value	0	0
Negative market value	3	6

In the fiscal year, credit default swaps were concluded for the first time to hedge credit risks in Wholesale Banking.

The valuation of credit default swaps is based on the risk-neutral valuation method. Market data is used to determine an implied term structure of default probabilities. This is used for the valuation of the credit default swaps.

7.4.4. Valuation Units

ING-DiBa AG has no balance sheet valuation units in accordance with section 254 HGB. When valuation units were terminated in earlier years, cash flows resulting from the effectively hedged risk were recognized in other liabilities or offset against the carrying amount of the hedged item without affecting profit or loss.

7.5. Average number of employees

	2022	2021
Germany	4,374	4,239
Austria	9	245
Total	4,383	4,485

7.6. Total remuneration of the Management Board and of the Supervisory Board and loans granted to these groups of people

The total remuneration of the Management Board for its services in the fiscal year was EUR 7 million (PY: EUR 5 million). The total remuneration of the former members of the Management Board and their bereaved in the fiscal year was EUR 4 million (PY: EUR 1 million).

The members of the Management Board were granted a total of 53,223 share-based subscription rights (PY: 71,851) on shares of the ING Groep N.V. The fair value of the share-based subscription rights as of the grant date was EUR 474 thousand (PY: EUR 678 thousand). As in the previous year, no additional subscription rights were granted in 2022. The increase results from the voluntary waiver in the previous year in favor of employee bonuses.

Provisions totaling EUR 1 million (PY: EUR 1 million) have been recognized for current pensions and entitlements to pensions for current members of the Management Board and provisions of EUR 33 million (PY: EUR 30 million) for former members of the Management Board and their bereaved.

The total remuneration of the Supervisory Board during the fiscal year was EUR EUR 1 million (PY: EUR EUR 1 million).

As of December 31, 2022, the total amount of loans granted to the members of the Management Board was EUR 0 million (PY: EUR 0 million) and EUR 2 million (PY: EUR 2 million) for members of the Supervisory Board.

7.7. Executive bodies of ING-DiBa AG

7.7.1. Management Board

Nick Jue
Chairman of the Board
Member of the Executive Board since June 01, 2017

Dr. Joachim Freiherr von Schorlemer
Vice Chairman until September 30, 2022
Member of the Executive Board until September 30, 2022

Michael Clijdesdale
Member of the Executive Board since April 01, 2022

Eddy Henning
Member of the Executive Board since January 01, 2022

Sigrid Kozmiensky
Member of the Executive Board since October 01, 2020

Daniel Llano Manibarbo
Member of the Executive Board since January 01, 2020

Dr. Ralph Müller
Member of the Executive Board since June 01, 2022

Norman Tambach
Member of the Executive Board since April 01, 2019

7.7.2. Supervisory Board

Susanne Klöß-Braekler
Chairman of the Supervisory Board
Bank Board Member (retired)

Markus Gillenberger
Vice Chairman of the Supervisory Board
Member of the Supervisory Board
Bank employee

Frank Annuscheit
Member of the Supervisory Board
Bank Board Member (retired)

Martin Bärwolf
Member of the Supervisory Board
Bank employee

Aris Bogdaneris
Member of the Supervisory Board
Head of Retail Banking and Head of Challengers & Growth Markets

Christine Gaida
Member of the Supervisory
Bank employee

Prof. Dr. Gesche Joost
Member of the Supervisory Board
Design Scientist

René Kienert
Member of the Supervisory Board
Bank employee

Elizabeth Manolagas
Member of the Supervisory Board
Bank employee

Ulrich Probst
Member of the Supervisory Board
Bank employee

Dr. Jörg Wildgruber
Member of the Supervisory Board
Business Economist

Karst Jan Wolters
Member of the Supervisory Board
Bank employee (retired)

7.8. Shareholder and consolidated financial statements

The share capital of ING-DiBa is held entirely by ING Deutschland GmbH.

As another parent company of ING-DiBa, ING Holding Deutschland GmbH prepared consolidated group financial statements for the financial year ended December 31, 2022 on a voluntary basis in accordance with the International Financial Reporting Standards (IFRS), to the extent they have been adopted by the European Union. In addition, the commercial law regulations in accordance with section 315e (1) HGB are also applied to those financial statements. The consolidated group financial statements are published in German in Federal Gazette and online at www.ing-diba.de. The consolidated financial statements for the largest group of companies in which the company is included are prepared by ING Groep N.V.

Disclosure requirements pursuant to the Regulation (EU) No. 575/2013 of June 26, 2013 (Capital Requirements Regulation – CRR) are met by the ING Holding Deutschland GmbH and published in a disclosure report. Relevant information relating to remuneration policies are published in a remuneration report.

In addition, ING-DiBa AG is required pursuant to section 26a (1) of the German Banking Act (Kreditwesengesetz, "KWG") to disclose in its annual financial statements its capital return, calculated as the ratio of net income for the year after tax and total assets. Due to the existing profit and loss transfer agreement with ING Deutschland GmbH, this ratio essentially amounted to 0.0 percent at the balance sheet date.

7.9. Profit and loss transfer agreement

Due to the materialisation of risks, the option pursuant to section 340e (4) HGB was applied in the financial year. As a result, the special item Fund for general banking risk was released in the amount of EUR 807 million.

There is a profit and loss transfer agreement between ING Deutschland GmbH and ING-DiBa AG. An amount of EUR 706 million (PY: EUR 596 million) is to be transferred to ING Deutschland GmbH for the fiscal year 2022.

Frankfurt am Main, March 16, 2023

The Mangement Board

Nick Jue

Michael Clijdesdale   Eddy Henning   Sigrid Kozmiensky

Daniel Llano Manibardo   Dr. Ralph Müller   Norman Tambach

The following auditor's report, prepared in accordance with § 322 HGB ("Handelsgesetzbuch": "German Commercial Code"), refers to the complete unconsolidated financial statements, comprising balance sheet (Bilanz), statement of income (Gewinn- und Verlustrechnung) and notes (Anhang) together with the management report (Lagebericht) of ING-DiBa AG for the financial year from 1 January to 31 December 2022. The management report (Lagebericht) is not included in this prospectus. The above-mentioned auditor's report and unconsolidated financial statements are both translations of the respective German-language document.

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

Independent Auditor's Report

To ING-DiBa AG, Frankfurt am Main

Report on the Audit of the Annual Financial Statements and of the Management Report

Opinions

We have audited the annual financial statements of ING-DiBa AG, Frankfurt am Main, which comprise the balance sheet as of 31 December 2022, the income statement, the statement of cash flows and the statement of changes in equity for the financial year from 1 January to 31 December 2022, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of ING-DiBa AG for the financial year from 1 January to 31 December 2022. In accordance with German legal requirements, we have not audited the content of those components of the management report specified in the "Other Information" section of our auditor's report.

In accordance with German legal requirements, we have not audited the content of the corporate governance statement in accordance with Section 289f (4) HGB [Handelsgesetzbuch: German Commercial Code] (disclosures on the quota for women on executive boards), which is contained in the “Corporate governance statement” section of the management report.

In our opinion, on the basis of the knowledge obtained as part of the audit,

– the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to banks and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its financial performance for the financial year from 1 January to 31 December 2022 in compliance with German Legally Required Accounting Principles, and

– the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, the management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of those components of the management report specified in the "Other Information" section of the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Basis for the Opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key Audit Matters in the Audit of the Annual Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Measurement of loan loss provision for the lending business with retail and commercial customers

For an explanation of how loan loss provisions for the lending business are measured, please refer to the section "2.1.1 Loan loss provision” in the notes to the financial statements and the sections "Financial performance" under "2. Report on Economic Position" and "Loan Loss Provisions" under "3. Risk report" in the management report.

THE FINANCIAL STATEMENT RISK

As of 31 December 2022, there are loans and advances to customers totalling EUR 131.171 million at ING-DiBa AG. In the lending business with retail and commercial customers, ING-DiBa AG has recognised a total of EUR 871,3 million loan loss allowance for latent and acute credit risks, which are mainly deducted from the loans and advances to customers under assets.

There is a significant discretionary leeway in the calculation of loan loss provisions for retail and commercial customer loans as it relates to the estimates of default probabilities and the loss given default and/or the future cash flows including proceeds from the sale of collateral, as well as the effects of macroeconomic factors on the expected credit loss parameters.

In the reporting period uncertainty existed also with regards to possible effects of the war between Russia and Ukraine on retail and commercial lending customers and, in particular, on the amount of model-based loan loss provisions (general valuation allowances [German “Pauschalwertberichtigung”(PWB)] and generalized allowances [German “Pauschalierte Einzelwertberichtigung”(pEWB)] for latent and acute credit risks.

Regarding commercial banking, the economic consequences of the Russia/Ukraine war had different effects on individual industries and borrowers, depending on the extend they were affected by the rising raw material prices and supply shortages. Business with retail customers is affected by the rise of consumer prices as a result of geopolitical tensions. The financial statement risk is that economic effects of the war on individual borrowers or borrower groups are not or not fully recognized and adequately reflected in the loan loss allowance models or that the management overlays recognized to account for this are not appropriate.

There is also discretionary leeway in the determination of the required specific loan loss provisions in commercial banking business with regard to the value-determining assumptions, which include in particular the development of the procurement and sales markets relevant for the respective borrower or, if applicable, the chances of success of the customer's reorganisation or restructuring plans or, in a disposal scenario, the cash flows likely to be generated from collateral liquidation. In connection with the estimation of specific loan loss provisions in commercial banking there was also an increased uncertainty in the reporting period regarding the economic impacts of the Russia/Ukraine war on the expected cash flows.

The financial statement risk in the determination of loan loss provisions for retail and commercial customers particularly relates to potentially inappropriate estimates or discretionary judgements leading to inherent and acute credit risks not being appropriately taken into account in accordance with German commercial law.

OUR AUDIT APPROACH

Based on our risk assessment and evaluation of the risks of material misstatement, we used both control-based and substantive audit procedures to form our audit opinion. We therefore performed the following audit procedures, among others:

In a first step, we gained a thorough understanding of the performance of the credit portfolio as well as the economic impacts of the Russia/Ukraine war on individual segments of the credit portfolio and the associated counterparty default risks.

To assess the appropriateness of the internal control system with regard to identifying, controlling, monitoring and evaluating credit risks, we conducted inquiries and inspected the relevant documentation. In addition, we verified the design and implementation as well as the operating effectiveness of relevant controls, including automated controls, that are intended to ensure derivation of assumptions and parameters to determine the loan loss provision in accordance with German commercial law as well as the completeness and accuracy of the flow of data between the IT systems used. With the involvement of our IT specialists, we tested the effectiveness of the general IT controls for the IT systems deployed.

With regard to the default probabilities incorporated into the calculation of the general loan loss provisions and the loss given default used in the determination of the portfolio-based specific loan loss provisions and general loan loss provisions, we assessed in particular the appropriateness of the validation carried out by the Bank and reviewed the consideration of the validation results in the determination of the loan loss provisions by the Bank. In addition, we verified calculated internal ratings and their allocation to average probabilities of default using quantitative and qualitative criteria.

Further, we verified the mathematical accuracy of the calculation methods used for deriving the key parameters to determine the portfolio-based specific loan loss provisions and general loan loss provisions.

With the assistance of KPMG specialists, we assessed the appropriateness of the Bank's method for deriving the macroeconomic scenarios and the weighting of these scenarios.

In order to assess the appropriateness of the amount of the management overlay on the model-based loan loss provision in retail and commercial banking,-we assessed the methodology and key assumptions used to determine the overlay for appropriateness and obtained evidence of the mathematical accuracy of the overlay calculation.

We examined the impairment testing of loans and advances to commercial customers using specific items testing of individual exposures based on materiality and risk considerations. We initially examined whether criteria indicating a requirement for specific loan loss provisioning are met for the selected exposures. Where the criteria indicating a requirement for specific loan loss provisioning are met, we verified that these have been properly considered. For impaired exposures, we then evaluated whether the restructuring or work-out strategy used for measurement is consistent with the actual circumstances and is verifiably substantiated. Building on this, we inspected the assumptions regarding the contractual cash flows that are still expected and/or the expected cash flows from the use of the loan collateral provided. We then verified whether the required specific loan loss provisioning had been correctly calculated.

OUR OBSERVATIONS

Assumptions and judgements made by management that underlie the calculation of the loan loss provisions have been determined properly and in accordance with the applicable accounting policies under German commercial law.

IT access authorisations in the financial reporting process

Please refer to the section "Organisation of the ICS Accounting" under "4. Internal control system for financial reporting" of the management report for further information on the assignment and management of authorisations at ING-DiBa AG.

THE FINANCIAL STATEMENT RISK

ING DiBa’s financial reporting process of is highly dependent on information technology and the completeness and accuracy of data. Inappropriate granting of access rights to IT systems therefore constitutes a risk for the accuracy of financial reporting. This applies in particular to IT systems in which the access rights are not granted according to the minimum principle (granting authorisation based on the requirements of the role) or the segregation of duties principle (e.g. between development and application operations).

ING-DiBa 's IT infrastructure is partially outsourced to other group internal entities of ING Groep N.V., Amsterdam, as well as to other external companies (service organizations).

As unauthorised system access, inappropriately extensive authorisations and insufficient segregation of duties entail the risk of intentional or unintentional manipulation which could materially affect the accuracy of financial reporting, the establishing of and adherence to appropriate precautions is of particular importance.

OUR AUDIT APPROACH

We gained an understanding of the IT-related control environment of ING-DiBa and the service organizations. For this purpose, we performed a risk assessment and identified IT applications, databases and operating systems that were significant for our audit.

For relevant IT supported process controls (IT application controls) within the financial reporting process, we identified general IT controls, in particular regarding user access, with the assistance of KPMG specialists, and tested their design, implementation and operating effectiveness. Our audit procedures concerned:

- Controls that the initial access to IT systems for new employees or employees with new roles is approved by an authorised person in line with the release concept.
- Controls that employee’s access rights are revoked within an appropriate period of time following change of organisational unit or leave of the company.
- Controls that the appropriateness of system access granted for personalized and non-personalized privileged accounts is reviewed and is subject to particularly restrictive, regularly monitored authorisation granting procedures.

In addition, we tested the design of the authentication mechanisms for access to the IT systems. This concerned in particular the application of locking mechanisms, the number of authentication factors and password protection. Furthermore, our audit procedures related to the implementation of the segregation of duties between departmental and IT users and the employees responsible for program development and system operations.

Based on the results of our audit of the internal control system, in cases of ineffective IT controls, we identified and tested further compensating controls or extended our audit procedures and performed audit procedures concerning risk-mitigating measures taken by ING-DiBa AG.

OUR OBSERVATIONS

The IT access authorisations generally meet requirements for the completeness and accuracy of data. In cases where we identified control deficiencies, we performed additional audit procedures and in particular identified and tested compensating controls that addressed the risk for the annual financial statements as at and for the period ended December 31, 2022.

Other Information

Management is responsible for the other information. The other information comprises the corporate governance statement pursuant to Section 289f (4) HGB (disclosures on the quota for women on executive boards), which is included in the section "Corporate governance statement" of the management report.

Our opinions on the annual financial statements and on the management report do not cover the other information; and consequently, we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the above mentioned other information and, in so doing, to consider whether the other information

– is materially inconsistent with the annual financial statements, with the management report information audited or our knowledge obtained in the audit, or

– otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Annual Financial Statements and the Management Report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of the German commercial law applicable to banks, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with the German Legally Required Accounting Principles. In addition, management is responsible for such internal controls as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by IDW will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement to the annual financial statements and to the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions or safeguards to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor at the annual general meeting on 21 April 2022. We were engaged by the Chairperson of the Supervisory Board on 25 May 2022. We have been the auditor of ING-DiBa AG without interruption since financial year 2016.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the Company or its subsidiaries the following services that are not disclosed in the annual financial statements or in the management report:

- Audit of pursuant to Section 89 German Securities Act (WpHG),
- Reviews of the reporting packages prepared according to the ING Group Accounting Manual to ING Groep N.V. in accordance with the International Standard on Review Engagements (ISRE) 2410,
- Reviews of financial information prepared according to the basis of preparation ISRE 2410,
- Issuance of a comfort letter,
- Audit procedures pursuant to Section V no. 11 (1) of the General Terms and Conditions of the German Central Bank [Deutsche Bundesbank] for the use of credit claims as security for central bank loans,
- Limited assurance on the bank’s process and controls for identifying green assets as defined by the bank in the Basis of Preparation, in accordance with the International Standard on Assurance Engagement (ISAE) 3000,
- Limited assurance on the methodology, model and reported fraud rates in accordance with Article 3(2) of the Commission Delegated Regulation (EU) 2018/389 as of 27 November 2017, in accordance with the International Standard on Assurance Engagement (ISAE) 3000.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Thomas Beier.

Frankfurt am Main, den 20. März 2023

KPMG AG
Wirtschaftsprüfungsgesellschaft

Beier
Wirtschaftsprüfer
[German Public Auditor]

Sorokina
Wirtschaftsprüferin
[German Public Auditor]