

Balance sheet as of December 31, 2020 ING-DiBa AG

Assets

	EUR	EUR	12/31/2020 EUR	12/31/2019 EUR '000
<b>1. Cash reserve</b>				
a) Cash balance		136,665,792.97		123,329
b) Balances with central banks		23,821,241,858.07	23,957,907,651.04	7,774,623
of which: with Deutsche Bundesbank	EUR 23,329,852,361.70 (Vj. EUR 7.276.054 thousand)			
<b>2. Loans and advances to banks</b>				
a) Payable on demand		1,300,028,833.53		2,003,674
b) Other loans and advances		9,119,880,438.64	10,419,909,272.17	10,846,754
of which:				
Mortgage loans	EUR 0 (PY: EUR 0 thousand)			
Public-sector loans	EUR 0 (PY: EUR 0 thousand)			
<b>3. Loans and advances to customers</b>			121,637,057,416.02	120,663,161
of which:				
Mortgage loans	EUR 62,736,843,451.79 (PY: EUR 60,128,095 thousand)			
Public-sector loans	EUR 1,698,610,450.73 (PY: EUR 1.503.659 thousand)			
<b>4. Bonds and other fixed-income securities</b>				
a) Bonds				
aa) From public-sector issuers		9,105,563,991.29		10,957,875
of which: eligible as collateral with Deutsche Bundesbank	EUR 8,778,613,176.09 (PY: EUR 10.600.746 thousand)			
ab) From other issuers		16,973,948,042.86	26,079,512,034.15	17,727,768
of which: eligible as collateral with Deutsche Bundesbank	EUR 16,845,572,563.07 (PY: EUR 17.591.008 thousand)			
<b>5. Shares and other non-fixed-income securities</b>			0.00	0
<b>6. Equity investments</b>			5,500,000.00	5,521
of which: in other banks	EUR 5,500,000.00 (PY: EUR 5.500 thousand)			
of which: in financial services institutions	EUR 0 (PY: 0 thousand)			
<b>7. Investments in affiliated companies</b>			35,085,000.00	35,085
of which: in banks	EUR 0 (PY: EUR 0 thousand)			
of which: in financial services institutions	EUR 0 (PY: EUR 0 thousand)			
<b>8. Trust assets</b>			10,062.85	16
of which: trust loans	EUR 10,062.85 (PY: EUR 16 thousand)			
<b>9. Intangible fixed assets</b>				
a) Internally generated industrial rights and similar rights and assets		19,932,395.32		27,601
b) Purchased concessions, industrial and similar rights and assets, and licenses to such rights and assets		19,806,403.84		17,612
c) Goodwill		0.00		0
d) Prepayments		2,790,333.70	42,529,132.86	3,296
<b>10. Property and equipment</b>			43,002,012.31	48,055
<b>11. Other assets</b>			564,980,847.73	163,228
<b>12. Prepaid expenses</b>				
a) From the issuing and lending business		991,812,210.41		642,636
b) Other		35,153,094.87	1,026,965,305.28	34,000
<b>13. Active difference from asset management</b>			8,939,401.70	
<b>Total assets</b>			183,821,398,136.11	171,074,234

**Liabilities and Equity**

	EUR	EUR	12/31/2020 EUR	12/31/2019 EUR '000
<b>1. Deposits from banks</b>				
a) Payable on demand		110,943,096.97		200,313
b) With an agreed maturity or period of notice		22,849,729,592.60	22,960,672,689.57	16,841,462
<b>2. Due to customers</b>				
a) Savings deposits				
aa) With an agreed period of notice of three months	299,311,006.24			956,846
ab) With an agreed period of notice of more than three months	274,898,661.98	574,209,668.22		253,763
b) Other amounts due				
ba) Payable on demand	141,786,104,565.65			133,574,797
bb) With an agreed maturity or period of notice	4,016,589,122.22	145,802,693,687.87	146,376,903,356.09	4,907,685
<b>3. Securitized liabilities</b>				
a) Bonds issued				
aa) Mortgage bonds			3,703,248,061.60	3,713,399
<b>4. Trust liabilities</b>				
of which: trust loans	EUR 10,062.85 (PY: EUR 16 thousand)		10,062.85	16
<b>5. Other liabilities</b>			560,900,271.57	757,846
<b>6. Deferred income</b>				
a) From the issuing and lending business		345,890,537.84		293,822
b) Other		12,099.55	345,90,637.39	70
<b>7. Provisions</b>				
a) Provisions for pensions and similar benefits		0.00		123,442
b) Provisions for taxes		134,400.00		12
c) Other provisions		214,355,196.96	214,489,596.96	260,292
<b>8. Subordinated liabilities</b>			1,400,361,400.00	1,400,559
<b>9. Fund for general banking risks</b>			4,329,000,000.00	3,860,000
<b>10. Equity</b>				
a) Subscribed capital		100,000,000.00		100,000
b) Capital reserves		3,810,064,283.61		3,810,064
c) Retained earnings				
ca) Legal reserve	686,622.56			687
cb) Other retained earnings	19,159,153.91	19,845,776.47		19,159
d) Net retained profit for the period		0.00	3,929,910,060.08	0
<b>Total liabilities and equity</b>			183,821,398,136.11	171,074,234
<b>1. Contingent liabilities</b>				
a) Liabilities from guarantees and indemnity agreements		2,090,327,257.09		2,089,554
b) Liabilities from the provision of collateral for third-party liabilities		6,103,764.23	2,096,431,021.32	16,134
<b>2. Other commitments</b>				
a) Irrevocable loan commitments			18,707,009,046.25	15,735,661

Income Statement of ING-DiBa AG, Frankfurt am Main, for the period from January 1 to December 31, 2020

Expenses

	EUR	EUR	2020 EUR	2019 EUR '000
<b>1. Interest expense</b>				
a) Interest expense resulting from positive interest rates		683,702,526.96		1.126.574
b) Interest expense resulting from negative interest rates		<u>-49,967,625.38</u>	<u>633,734,901.58</u>	<u>-23.333</u>
<b>2. Commission expenses</b>			<u>222,140,350.88</u>	<u>221.470</u>
<b>3. General and administrative expenses</b>				
a) Personnel expenses				
aa) Wages and salaries	<u>347,220,352.22</u>			<u>346.363</u>
ab) Social security contributions, pensions and other employee benefits of which: for pensions EUR 27,878,913.42 (PY: EUR 26,769 thousand)	<u>81,347,246.55</u>	<u>428,567,598.77</u>		<u>75.292</u>
b) Other administrative expenses		<u>562,849,032.30</u>	<u>991,416,631.07</u>	<u>577.998</u>
<b>4. Depreciation, amortization and write-downs of intangible fixed assets and property and equipment</b>			<u>37,791,263.68</u>	<u>35.969</u>
<b>5. Other operating expenses</b>			<u>121,520,763.82</u>	<u>99.003</u>
<b>6. Write-downs of and valuation allowances on receivables and certain securities, and additions to loan loss provisions</b>			<u>92,499,165.42</u>	<u>0</u>
<b>7. Depreciation and write-downs on equity interest, shares in affiliated companies and securities treated as fixed assets</b>			<u>0.00</u>	<u>0</u>
<b>8. Addition to fund for general banking risks</b>			<u>469,000,000.00</u>	<u>400.000</u>
<b>9. Taxes on income</b> of which: for tax allocations EUR 349,776,645.02 (PY: EUR 427,665 thousand)			<u>346,049,723.68</u>	<u>427.759</u>
<b>10. Other taxes not reported under item 5</b>			<u>23,882,233.52</u>	<u>20.958</u>
<b>11. Profit transferred due to profit pooling, profit and loss transfer agreements, or partial profit and loss transfer agreements</b>			<u>395,999,392.68</u>	<u>550.885</u>
<b>12. Net profit for the period</b>			<u>0.00</u>	<u>0</u>
<b>Total expenses:</b>			<u>3,334,034,426.33</u>	<u>3.859.120</u>

Income	EUR	EUR	2020 EUR	2019 EUR '000
<b>1. Interest income from</b>				
a) Lending and money market transactions				
aa) Interest income resulting from positive interest rates	2,514,276,093.69			2,993,210
ab) Interest income resulting from negative interest rates	-58,634,547.82	2,455,641,545.87		-42,838
b) Fixed-income securities and debt register claims		286,757,527.15	2,742,399,073.02	359,771
<b>2. Current income from</b>				
Equity investments		0.00	0.00	1
<b>3. Income from profit pooling, profit and loss transfer agreements or partial profit and loss transfer agreements</b>			36,082,835.02	25,442
<b>4. Commission income</b>			458,399,778.42	309,082
<b>5. Income from reversals of write-downs on receivables and certain securities and from the reversal of loan loss provisions</b>			0.00	113,676
<b>6. Income from reversals of write-downs on equity investments, investments in affiliated companies and long-term securities</b>			41,645.00	0
<b>7. Other operating income</b>			97,111,094.87	100,776
<b>Total income</b>			3,334,034,426.33	3,859,120

	EUR	EUR '000
<b>1. Net profit for the period</b>	0.00	0
<b>2. Profits brought forward</b>	0.00	0
<b>3. Net retained profit for the period</b>	0.00	0

## Cash flow statement

			2020 EUR million	2019 EUR million
1.		Profit for the period (consolidated net income/net loss for the financial year including minority interests)	0.0	0.0
2.	+/-	Depreciation and write-downs of receivables and fixed assets/reversals of such write-downs and valuation allowances	310.6	-20.9
3.	+/-	Increase/decrease in provisions	-5.8	141.8
4.	+/-	Other non-cash expenses/income	-84.0	-22.4
5.	-/+	Gain/loss on disposal of fixed assets	1.3	0.0
6.	-/+	Other adjustments (net)	-1.9	-1.6
7.	-/+	Increase/decrease in loans and advances to banks	1,784.8	939.4
8.	-/+	Increase/decrease in loans and advances to costumers	-1,264.9	-1,490.3
9.	-/+	Increase/decrease in securities not classified as long-term financial assets	2,329.8	507.6
10.	-/+	Increase/decrease in other assets relating to operating activities	-757.3	-206.3
11.	+/-	Increase/decrease in amounts due to banks	6,047.7	228.3
12.	+/-	Increase/decrease in amounts due to customers	6,689.0	647.1
13.	+/-	Increase/decrease in securitized liabilities	-10.0	990.0
14.	+/-	Increase/decrease in other liabilities relating to operating activities	246.3	608.3
15.	+/-	Interest expense/interest income	-2,108.7	-2,209.5
16.	+/-	Expenses/income from extraordinary items	0.0	0.0
17.	+/-	Income tax expense/income	346.1	427.8
18.	+	Interest and dividend payments received	2,636.8	3,064.8
19.	-	Interest paid	-486.9	-840.1
20.	+	Extraordinary proceeds	0.0	0.0
21.	-	Extraordinary payments	0.0	0.0
22.	-/+	Income taxes paid	-349.8	-427.9
23.	=	Cashflows from operating activities	15,323.1	2,336.1
24.	+	Proceeds from disposal of long-term financial assets	1,605.1	1,055.4
25.	-	Payments to acquire long-term financial assets	-1,372.5	-695.1
26.	+	Proceeds from disposal of tangible fixed assets	0.6	0.1
27.	-	Payments to acquire tangible fixed assets	-16.9	-29.3
28.	+	Proceeds from disposal of intangible fixed assets	0.0	0.0
29.	-	Payments to acquire intangible assets	-11.8	-16.7
30.	+	Proceeds from disposal of companies from the consolidated group	0.0	0.0
31.	-	Payments for additions of companies to the consolidated group	0.0	0.0
32.	+/-	Changes in cash funds from other investing activities	0.0	0.0
33.	-	Proceeds from extraordinary items	0.0	0.0
34.	+	Payments from extraordinary items	0.0	0.0
35.	=	Cash flows from investing activities	204.5	314.4

Continued on next page

			2020 EUR million	2019 EUR million
36.	+	Proceeds from capital contributions by shareholders of the parent entity	0.0	0.0
37.	+	Proceeds from capital contributions by other shareholders	0.0	0.0
38.	-	Payments from reduction in equity by shareholders of the parent entity	0.0	0.0
39.	-	Payments from reduction in equity to other shareholders	0.0	0.0
40.	+	Proceeds from extraordinary items	0.0	0.0
41.	-	Payments from extraordinary items	0.0	0.0
42.	-	Dividends paid to shareholders of the parent entity	-550.9	-386.7
43.	-	Dividend paid to other shareholders	0.0	0.0
44.	+	Proceeds from issue of bonds and from (financial) borrowings	0.0	0.0
45.	-	Payments from redemption of bonds and (financial) borrowings	0.0	0.0
46.	+/-	Changes in cash funds from other capital (net)	469.0	400.0
47.	=	Cash flows from financing activities	-81.9	13.3
48.	+/-	Net change in cash funds (total of 23, 35, 45)	15,445.7	2,663.8
49.	+/-	Change in cash funds due to exchange rates movements and remeasurements	0.0	0.0
50.	+/-	Changes in cash funds due to changes in the consolidated group	0.0	0.0
51.	+	Cash funds at beginning of period	9,701.3	7,037.5
52.	=	Cash funds at end of period	25,147.0	9,701.3

The cash flow statement presents the changes in cash funds in the financial years 2020 and 2019. The cash funds is composed of cash and cash equivalents. The changes in cash funds are broken down 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 prepared pursuant to the requirements of German Accounting Standard (GAS) 21.

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.

## Statement of changes in equity

	Jan. 1, 2020 EUR million	Additions EUR million	Disposals EUR million	Reclassifications EUR million	Dec. 31, 2020 EUR million
Subscribed capital	100.0	0.0	0.0	0.0	100.0
Capital reserve	3,810.1	0.0	0.0	0.0	3,810.1
Retained earnings	19.8	0.0	0.0	0.0	19.8
Legal reserve	0.7	0.0	0.0	0.0	0.7
Other retained earnings	19.1	0.0	0.0	0.0	19.1
Equity	3,929.9	0.0	0.0	0.0	3,929.9

ING-DiBa AG,  
Frankfurt am Main  
Notes to the Financial  
Statements for the  
2020 Fiscal Year

# 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 to the nearest million, unless stated otherwise. Amounts may not add up due to rounding.

## 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 principal amount and the amount paid out is recognized as a deferred item and reversed as scheduled.

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 Germany determines the ECL (Expected Credit Loss) as the product of PD x EAD x LGD, taking into account the time value of money. PD denotes 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 as well as
- › loans having a more than 30 day past due-backstop.

Loans on the watchlist are monitored individually.

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 occurrence 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.

In the 2020 fiscal year, deferrals were granted in the retail banking business from April to June based on the Covid 19 pandemic mitigation law. These measures are exempt from being flagged as "forbearance" in accordance with the EBA guidelines on payment moratoria.

Since February 2020, the default has been determined in accordance with the EBA guidelines on the application of the default definition (EBA GL 2016/07). In the course of this, the forbearance definition was also adjusted. The implementation of the EBA guidelines for the definition of default is currently realized by means of a post-model adjustment. These changes have no significant impact on the amount of the loan loss provisioning.

In accordance with section 253 (1) sentence 2 HGB, liabilities are recognized at their settlement amount. Any difference between the nominal amount of liabilities and the amount paid out is recognized as a deferred item and reversed as scheduled.

### 2.1.1. Derivative financial instruments

Currency forwards, interest rate swaps, cross-currency swaps, and options are measured at the level of individual transactions. The rate for currency forwards comprises the spot exchange 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. It is unwound on a straight-line basis as an adjustment to interest cost over the remaining term of the currency forward. Provisions for expected losses are recognized for currency forwards if the current fair value is lower than the carrying amount.

The Interest rate and cross currency swaps in the banking book used for hedging the general interest rate risk were not measured separately because they are included in the measurement of the banking book at net realizable value. By contrast, exchange differences from interest rate swaps in foreign currency are recognized.

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

### 2.1.2. Measurement at net realizable value

Interest-bearing loans and advances, securities, and derivatives in the banking book are usually not remeasured due to changes in interest rates. 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, 2020 revealed that the net present value of the banking book exceeds the carrying amount significantly. Therefore, as of December 31, 2020, there is no need to recognize a provision for expected losses from banking book transactions.

### 2.1.3. 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 did not recognize any deferred taxes in the fiscal year under review.

#### 2.1.4. 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.

#### 2.1.5. 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 26.9 million (PY: EUR 33.7 million) was subject to restrictions on distribution and transfer as of the balance sheet date. Of this amount, EUR 19.9 million (PY: EUR 27.6 million) related to internally generated intangible fixed assets recognized pursuant to section 248 (2) HGB and EUR 7.0 million (PY: EUR 6.1 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 must 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 16.7 million as of December 31, 2020 (PY: EUR 18.3 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 4.2 billion (PY: EUR 4.4 billion). Consequently, a maximum of EUR 4.2 billion (PY: EUR 4.3 billion) was distributable and a maximum of EUR 4.2 billion (PY: EUR 4.3 billion) was transferable under commercial law as of December 31, 2020.

This means that the restrictions on distribution or transfer described above do not have any effect on the profit after tax allocation of EUR 396.0 million (PY: EUR 550.9 million) to be transferred.

	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million
<b>Restrictions on distributions and transfers pursuant to section 268 (8) HGB in conjunction with section 301 AktG</b>	<b>26.9</b>	<b>33.7</b>
Internally generated intangible fixed assets	19.9	27.6
Fair values of plan assets in excess of historical cost pursuant to section 246 (2) HGB	7.0	6.1
<b>Restrictions on distributions pursuant to section 253 (6) HGB</b>	<b>16.7</b>	<b>18.3</b>
Difference (gain) from changes in market interest rates	16.7	18.3
<b>Total restrictions on distribution pursuant to the HGB</b>	<b>43.6</b>	<b>52.0</b>

### 2.1.6. Currency translation

Currency conversion 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.

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. Impairments were not necessary 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 are no borrowing costs incurred on these expenses.

### 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 pooled 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 items are recognized for discounts that will be reversed as scheduled in accordance with the utilization of capital.

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 (2.30 percent; PY: 2.71 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*, "Rück-AbzinsV"). Salary and pension adjustments of 2.75 percent and 1.75 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*) 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 16.7 million (PY: EUR 18.3 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.

Any excess of pension obligations over the related plan assets is presented in the pension provisions. Any surplus of the plan assets over pension obligations are included in the asset item "Excess of plan assets over pension benefit liability".

ING-DiBa's pension schemes consist of direct commitments and pension fund commitments. Pension obligations are financed by two contractual trust arrangements (CTA) on behalf of Metzler Trust e. V. and a pension fund 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 has decided to use the existing carrying amounts.

This results in a pension obligation totaling EUR 204.1 million as of the balance sheet date (PY: EUR 196.3 million<sup>1</sup>). This obligation is covered by plan assets with a fair value of EUR 213.0 million (PY: EUR 72.8 million). The fair value is determined on the basis of market prices for fund units. The cost of the plan assets is EUR 206.1 million (PY: EUR 66.6 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 year under review, the discounting of pension obligations resulted in expenses of EUR 3.8 million (PY: EUR 5.7 million), while income from offsetting plan asserts amounted to EUR 7.0 million (PY: EUR 1.1 million). Overall, this resulted in an income of EUR 3.2 million for the fiscal year (PY: expenses amounted to EUR 4.6 million). There were no other effects from netting in the year under review.

## 2.9. Negative interest

The ING-DiBa 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, 2020 are allocated to the balance sheet item of the respective hedged item in accordance with section 11 (1) RechKredV. Accrued interests on

---

<sup>1</sup> The figure for the comparative period has been adjusted to the gross obligation.

derivative financial instruments are reported under loans and advances to banks or liabilities to banks.

## 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 fiscal 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 and liabilities denominated in foreign currencies as of December 31, 2020 was EUR 11.9 billion (PY: EUR 15.1 billion) and EUR 7.2 billion (PY: EUR 10.6 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, 2020					Accumulated	in the fiscal year	Accumulated	Dec. 31, 2020	Dec. 31, 2019
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Intangible fixed assets	151.3	0.0	11.7	0.0	0.0	102.8	17.7	120.5	42.5	48.5
Internally generated intangible fixed assets	58.7	0.0	1.0	0.0	0.0	31.1	8.7	39.8	19.9	27.6
Purchased intangible fixed assets	89.3	3.3	7.9	0.0	0.0	71.7	9.0	80.7	19.8	17.6
Advance payments	3.3	-3.3	2.8	0.0	0.0	0.0	0.0	0.0	2.8	3.3
Tangible fixed assets	161.7	0.0	16.6	3.8	0.0	119.0	18.9	136.0	38.5	42.7
Operating and office equipment	11.6	0.0	0.2	0.0	0.0	6.2	1.2	7.4	4.4	5.4
Equity investments	5.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.5	5.5
Investments in affiliated companies	35.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35.1	35.1
Fixed-income securities <sup>1</sup>	13,905.8	0.0	1,372.5	1,599.7	3.5	51.1	14.8	50.4	13,628.3	13,854.8
Reclassified fixed-income securities <sup>1</sup>	2,950.9	0.0	0.0	17.4	2.1	-5.1	3.2	-4.1	2,937.6	2,956.0
<b>Total</b>	<b>17,221.9</b>	<b>0.0</b>	<b>1,401.0</b>	<b>1,620.9</b>	<b>5.6</b>	<b>274.0</b>	<b>55.8</b>	<b>310.2</b>	<b>16,691.9</b>	<b>16,948.0</b>

	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, 2019					Accumulated	in the fiscal year	Accumulated	Dec. 31, 2019	Dec. 31, 2018
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Intangible fixed assets	135.3	0.0	16.8	0.8	0.0	87.8	15.8	102.8	48.5	47.6
Internally generated intangible fixed assets	52.3	0.0	6.4	0.0	0.0	23.5	7.6	31.1	27.6	28.9
Purchased intangible fixed assets	80.5	2.5	7.1	0.8	0.0	64.3	8.2	71.7	17.6	16.2
Advance payments	2.5	-2.5	3.3	0.0	0.0	0.0	0.0	0.0	3.3	2.5
Tangible fixed assets	134.3	0.0	28.0	0.6	0.0	100.4	19.1	119.0	42.7	33.8
Operating and office equipment	10.5	0.0	1.3	0.2	0.0	5.3	1.2	6.2	5.4	5.2
Equity investments	1.5	0.0	5.6	0.0	0.0	1.5	0.1	1.6	5.5	0.0
Investments in affiliated companies	35.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35.1	35.1
Fixed-income securities <sup>1</sup>	13,696.6	0.0	689.5	480.3	3.9	66.1	15.8	51.1	13,854.8	13,634.4
Reclassified fixed-income securities <sup>1</sup>	3,577.9	0.0	0.0	627.0	0.7	14.4	5.9	-5.1	2,956.0	3,559.2
<b>Total</b>	<b>17,591.2</b>	<b>0.0</b>	<b>741.2</b>	<b>1,108.9</b>	<b>4.6</b>	<b>275.5</b>	<b>57.9</b>	<b>275.6</b>	<b>16,948.0</b>	<b>17,315.3</b>

- 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.

Disposals accounted for EUR 15.5 million (PY: EUR 53.0 million) of cumulative depreciation, amortization, and write-downs in the fiscal year.

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

### 3.2.2. Loans and advances to banks

	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million
<b>This item includes loans and advances to</b>		
affiliated companies	7,938.7	10,939.0
<b>other loans and advances to banks by remaining maturity</b>		
a) up to three months	14.7	808.0
b) more than three months and up to one year	1,757.3	1,800.9
c) more than one and up to five years	5,937.4	6,330.4
d) more than five years	1,050.3	1,605.4
<b>Total for all remaining maturities</b>	<b>8,759.7</b>	<b>10,544.7</b>

### 3.2.3. Loans and advances to customers

	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million
<b>This item includes loans and advances to</b>		
affiliated companies	1,329.1	1,845.4
<b>other loans and advances to customers by remaining maturity</b>		
a) up to three months	3,681.2	3,078.8
b) more than three months and up to one year	12,802.1	10,688.3
c) more than one and up to five years	49,843.6	52,516.3
d) more than five years	52,454.9	51,257.9
e) with indefinite maturity	2,320.0	2,464.1
<b>Total for all remaining maturities</b>	<b>121,101.8</b>	<b>120,005.4</b>

Loans and advances to customers include EUR 9.9 billion (PY: EUR 7.4 billion) in assets held to cover issued bonds.

### 3.2.4. Bonds and other fixed-income securities

	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million
<b>Marketable securities included in this item</b>		
of which listed	25,770.9	28,071.5
of which unlisted	148.9	423.0
Due in the following year (carrying amounts)	4,225.5	1,830.3
Securities of affiliated companies	11,271.0	11,260.9
Carrying amount of securities carried at an amount in excess of fair value	26.4	411.1
Market value of securities carried at an amount in excess of fair value	26.4	406.1

The securities that are carried at an amount that is higher than their fair value relate solely to negotiable securities. The ING-DiBa assumes that the impairments are only temporary and that the securities will be redeemed at their nominal value, as both internal and external rating systems confirm an unchanged, very good credit rating.

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

### 3.2.5. Equity investments and investments in affiliated companies

	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million
<b>Equity investments</b>		
Carrying amount	5.5	5.5
Negotiable	0.0	0.0
Of which listed	0.0	0.0
Of which unlisted	0.0	0.0
<b>Investments in affiliated companies</b>		
Carrying amount	35.1	35.1
Negotiable	0.0	0.0

### 3.2.6. Trust assets

The trust assets (EUR 10.1 thousand; PY: EUR 15.9 thousand) relate exclusively to trust loans.

### 3.2.7. Intangible fixed assets

	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million
Internally generated software	19.9	27.6
Purchased software, licenses and other rights	19.8	17.6
Advance payments	2.8	3.3
<b>Total</b>	<b>42.5</b>	<b>48.5</b>

In the year under review, research and development expenses amounted to EUR 1.1 million (PY: EUR 10.2 million). Thereof EUR 1.1 million (PY: EUR 6.4 million) are attributable to internally generated intangible assets pursuant to section 248 (2) HGB.

### 3.2.8. Other assets

	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million
Foreign currency position from pending transactions	332.6	0.0
Option rights	62.7	0.0
Receivables from taxes	42.9	37.9
Receivable from control and profit and loss transfer agreement	36.1	25.4
Receivables from pending ATM items	31.1	47.2
FMSA cash collateral	12.8	10.0
Receivables from securities and funds business commissions	12.6	10.9
Direct commitments	3.8	3.4
Other items	30.4	28.4
<b>Total</b>	<b>565.0</b>	<b>163.2</b>

ING-DiBa 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.

Option rights amounting to EUR 62.7 million relate exclusively to swaptions. The option rights are offset by liabilities from forward fees amounting to EUR 68.7 million, which are reported under deposits from banks.

Tax receivables mainly comprise the recovery of corporate income tax for the calendar year 2016 amounting to EUR 1.0 million and in the amount of EUR 14.7 million for the calendar year 2017, which arose in the course of the contribution of ING Bank N.V., Vienna Branch, Vienna, Austria, due to the assertion of loss carryforwards. In addition, there are refund claims from withholding taxes as well as tax attributions in the amount of EUR 19.7 million for the 2020 fiscal year.

In the fiscal year, the Bank exercised 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 lodged with the supervisory authorities. EUR 2.8 million – the maximum permitted IPC contribution – was transferred.

The receivable from the control and profit and loss transfer agreement resulted from the profit of GGV mbH, Frankfurt am Main, for the 2020 fiscal year, which will be transferred to ING-DiBa following the shareholders' meeting. In the year under review, there was a one-off effect amounted to EUR 35.8 million due to the sale of two properties.

The Other items mainly comprise invoice receivables.

### 3.2.9. Prepaid expenses

	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million
Upfront payments for hedging transactions	512.1	214.8
Commissions on mortgage lending	451.9	393.2
Discount on issued <i>Pfandbriefe</i>	25.6	29.0
Prepayment of wages + salaries	20.5	18.8
Deferrals of non-personnel costs	13.9	14.4
Purchase of Wholesale Banking receivables	2.2	5.6
Other prepaid expenses	0.7	0.8
<b>Total</b>	<b>1,026.9</b>	<b>676.6</b>

The payments made for hedging transactions results from upfront payments for interest rate derivatives. The increase is mainly driven by the addition of new upfront payments on the contracting of offsetting interest rate swaps for the economic closing of existing transactions.

The discounts on issued *Pfandbriefe* were due to differences between the issue and recognized settlement amounts. These are amortized over the remaining terms of the relevant *Pfandbriefe*.

### 3.3. Liabilities and equity

#### 3.3.1. Deposits from banks

	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million
<b>This item includes deposits from</b>		
affiliated companies	17,539.4	10,853.8
<b>other deposits from banks by remaining maturity</b>		
a) up to three months	486.0	1,475.8
b) more than three months and up to one year	1,976.0	2,396.7
c) more than one year and up to five years	17,286.1	8,825.8
d) more than five years	2,573.7	3,641.7
<b>Total for all remaining maturities</b>	<b>22,321.8</b>	<b>16,340.0</b>

The increase in liabilities to affiliated companies is mainly due to the higher level of genuine repurchase agreements in the context of refinancing with ING Bank N.V., Amsterdam, Netherlands.

### 3.3.2. Amounts due to customers

	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million
<b>This item includes amounts due to</b>		
affiliated companies	154.8	191.3
<b>Savings deposits with an agreed term or period of notice, by remaining maturity</b>		
a) up to three months	57.9	46.7
b) more than three months and up to one year	0.0	0.0
c) more than one and up to five years	184.4	173.5
d) more than five years	32.6	33.6
Total for all remaining maturities	274.9	253.8
<b>Other amounts due to customers by remaining maturity</b>		
a) up to three months	1,957.5	2,314.1
b) more than three months and up to one year	1,689.9	1,902.9
c) more than one and up to five years	368.8	689.8
d) more than five years	0.3	0.6
Total for all remaining maturities	4,016.5	4,907.4

### 3.3.3. Securitized liabilities

	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million
<b>Issued bonds by remaining maturity</b>		
a) up to three months	10.0	0.0
b) more than three months and up to one year	0.0	10.0
c) more than one and up to five years	1,180.0	1,190.0
d) more than five years	2,505.0	2,505.0
Total for all remaining maturities	3,695.0	3,705.0

Bonds issued solely comprise issued *Pfandbriefe*.

### 3.3.4. Trust liabilities

Trust liabilities (EUR 10.1 thousand; PY: EUR 15.9 thousand) correspond to trust assets.

### 3.3.5. Other liabilities

	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million
Liability from profit and loss transfer agreement	396.0	550.9
Capital gains tax including solidarity surcharge, payroll and church taxes, and social security contributions	81.6	37.2
Trade payables	33.6	24.5
Liabilities from commissions to sales partners	17.6	9.2
Foreign currency position from pending transactions	15.9	105.5
Other items	16.2	30.5
<b>Total</b>	<b>560.9</b>	<b>757.8</b>
Liabilities to affiliated companies included in this amount	422.0	565.5

Other liabilities consist primarily of a liability to ING Deutschland GmbH, Frankfurt am Main, under the existing profit and loss transfer agreement.

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

The other tax liabilities primarily relate to capital gains tax on customer transactions and payroll tax liabilities.

Trade payables mainly relate to open supplier invoices and accruals for rent-free periods under building leases.

The Liabilities from commissions to sales partners relate to open, as yet unpaid brokerage commissions for mortgages.

As in the previous year, liabilities to affiliated companies are completely unsecured.

### 3.3.6. Deferred income

	Dec.31, 2020 EUR million	Dec.31, 2019 EUR million
Payments received for hedging transactions	290.7	238.5
Loan processing fees from lending business - Wholesale Banking	54.1	54.1
Discounts for mortgages and other loans	1.1	1.2
<b>Total</b>	<b>345.9</b>	<b>293.8</b>

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

### 3.3.7. Other provisions

	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million
Provisions for personnel	88.7	123.0
Contribution to the Compensation Scheme of German Banks (EdB)	18.2	17.3
Provisions for expected losses	16.2	16.3
Marketing	14.6	12.1
IT costs	11.2	18.5
Commissions	9.0	7.9
Consulting expenses	7.9	9.2
Credit cards	6.0	5.3
Securities broking	3.3	1.0
Audit Fee	3.1	3.0
Postage and courier services	2.6	3.1
Lease space and ancillary expenses	1.4	2.3
ATMs	1.2	1.4
Litigation expenses	0.9	1.9
Other items	30.1	38.0
<b>Total</b>	<b>214.4</b>	<b>260.3</b>

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 decrease in provisions for personnel mainly results from the usage of provisions for restructuring measures recognized in the 2019 fiscal year.

The provisions also include the mandatory contribution to the Compensation Scheme of German Banks (Entschädigungseinrichtung deutscher Banken, "EdB") until December 31, 2020 for the contribution year October 1, 2020 to September 30, 2021. 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.

### 3.3.8. Subordinated liabilities

The total amount of subordinated liabilities as at December 31, 2020 was EUR 1.4 billion (PY: EUR 1.4 billion).

There are no subordinated liabilities in foreign currency.

Interest expenses of EUR 10.8 million (PY: EUR 11.3 million) were incurred on these liabilities. The lender that issued the subordinated loan, which is divided into three tranches, is ING Deutschland GmbH.

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

	notional value EUR million	interest rate	maturity date
Tranche 1	500.0	6 M-Euribor + 0,85 %	Dec. 14, 2027
Tranche 2	500.0	6 M-Euribor + 1,10 %	Dec. 14, 2029
Tranche 3	400.0	6 M-Euribor + 1,20 %	Dec. 14, 2032
Total	1,400.0		

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.

ING-DiBa has the right to call each tranche 5 years before maturity.

### 3.3.9. Equity

#### 3.3.9.1. Subscribed capital

ING-DiBa's subscribed capital as of December 31, 2020 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).

#### 3.3.9.3. Retained earnings

Retained earnings were unchanged at EUR 19.8 million.

## 3.4. Other disclosures

### 3.4.1. Contingent liabilities

	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million
a) Liabilities from guarantees and indemnity agreements		
Guarantees given	1,844.3	1,811.7
Letters of credit	157.6	220.0
Guarantee business	16.7	13.7
Documentary business - import	19.5	24.0
Documentary business - export	52.2	20.2
Total	2,090.3	2,089.6
b) Liabilities from the provision of collateral for third-party liabilities	6.1	16.1
Total	2,096.4	2,105.7
Contingent liabilities to affiliated companies included in this amount	322.0	251.6

The contingent liabilities reported resulted primarily from the wholesale banking business of the ING Bank branch in Frankfurt am Main and the ING-DiBa Austria branch in Vienna, Austria.

Despite the Covid 19 pandemic, the ING-DiBa currently assumes that overall there will be no claims related to contingent liabilities. This assumption is based on the credit risk management parameters implemented in accordance with the Solvency Regulation (*Solvabilitätsverordnung*, "SolvV"). In addition, provisions were also recognized for contingent credit risks from contingent liabilities.

### 3.4.2. Other commitments

Other obligations consist exclusively of irrevocable loan commitments of EUR 18.7 billion (PY: EUR 15.7 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, 2020 EUR million	Dec. 31, 2019 EUR million
For deposits from banks	15,528.0	5,785.9
For contingent liabilities	6.1	16.1

Mortgage loans have been pledged as collaterals to Kreditanstalt für Wiederaufbau AG, Frankfurt am Main, (EUR 5.1 billion; PY: EUR 5.8 billion).

Collateral payments of EUR 10.4 billion (PY: EUR 0.0 million) have been transferred for deposits from banks under a repurchase agreement. An increase in collateral transferred is mainly due to the increase in genuine repurchase agreements in the context of refinancing with ING Bank N.V., Amsterdam, Netherlands.

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 expenses

	2020 EUR million	2019 EUR million
Head office charges	101.4	86.1
Expenses for previous years	3.3	2.2
Canteen expenses	1.5	2.1
Other items	15.3	8.6
Total	121.5	99.0

Head office charges relate to expenses for intra-Group services.

### 4.2. Income taxes

	2020 EUR million	2019 EUR million
Tax allocation	349.8	427.7
Corporate income tax - Austria	-3.8	0.1
Total	346.0	427.8

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

The earnings of the Austria branch are taxed at a nominal rate of 25 percent.

### 4.3. Other operating income

	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million
Income from the reversal of provisions	52.7	57.9
Currency translation gains	14.5	5.0
Income from the application of the pre-tax key	2.8	0.0
Reimbursements from previous years	2.3	8.2
Other items	24.8	29.7
Total	97.1	100.8

## 5. Events after the Reporting Period

ING announced on March 02, 2021, that it will undertake a strategic review this year to discontinue its retail banking activities in Austria by the end of 2021. Options include a possible sale of the Austrian retail banking business. The exit involves ING's retail operations in Austria only. ING will continue its wholesale banking business in Austria. As a first step, in June 2021, ING will discontinue its savings only offering for Austrian customers. Any further measures will, of course, be taken with the interests of customers, employees and other stakeholders in mind. The exit of the retail banking operations in Austria is expected to have no significant impact.

The Bremen Local Court opened insolvency proceedings for Greensill Bank AG in Germany on March 16, 2021. Customer deposits at Greensill Bank AG are protected by the statutory deposit protection scheme (Entschädigungseinrichtung deutscher Banken GmbH) and the voluntary deposit protection scheme (Einlagensicherungsfonds des Bundesverbands deutscher Banken e.V.), of which ING-DiBa is also a member. After the opening of insolvency proceedings, the financial supervisory authority Bundesanstalt für Finanzdienstleistungs-aufsicht established the compensation case, so that retail banking customers will soon be compensated from the deposit protection fund. The impact of the insolvency on the Group in terms of possible special contributions from the deposit protection schemes cannot yet be reliably determined at the reporting date.

## 6. Pfandbrief Disclosures (According to Section 28 PfandBG)

### 6.1. Cover pool report

	Nominal value		Net present value		Risk-adjusted net present value <sup>1</sup> - shift up		Risk-adjusted net present value <sup>1</sup> - shift down	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Mortgage Pfandbriefe	3,695.0	3,705.0	4,016.7	3,890.3	3,699.2	3,556.4	3,945.3	3,975.7
Cover pool	7,165.9	5,611.3	8,057.3	6,239.9	7,601.8	5,941.7	7,898.9	6,230.2
in % of outstanding Pfandbriefe	193.9%	151.5%	200.6%	160.4%	205.5%	167.1%	200.2%	156.7%
of which excess cover	250.0	250.0	257.4	261.7	254.5	256.2	255.8	259.8
in % of outstanding Pfandbriefe	6.8%	6.7%	6.4%	6.7%	6.9%	7.2%	6.5%	6.5%
Cover pool	7,165.9	5,611.3	8,057.3	6,239.9	7,601.8	5,941.7	7,898.9	6,230.2
of which prime (1) residential mortgages	6,915.9	5,361.3	7,799.9	5,978.2	7,347.3	5,685.5	7,643.1	5,970.4
in % of outstanding Pfandbriefe	187.2%	144.7%	194.2%	153.7%	198.6%	159.9%	193.7%	150.2%
of which further cover assets	250.0	250.0	257.4	261.7	254.5	256.2	255.8	259.8
of which excess cover	250.0	250.0	257.4	261.7	254.5	256.2	255.8	259.8
of which section 19 (1) no. 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
of which section 19 (1) no. 3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liquidity cover only	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

<sup>(1)</sup> Dynamic approach pursuant to section 5 (1) no. 2 of the Pfandbrief Net Present Value Directive ("PfandBarwertV")

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, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
	EUR million	EUR million	EUR million	EUR million
≤ 0.5 years	10.0	10.0	256.3	244.5
> 0.5 up to 1 year(s)	0.0	0.0	414.3	251.2
> 1 up to 1.5 years	80.0	10.0	196.5	279.6
> 1.5 up to 2 years	0.0	0.0	279.1	443.6
> 2 up to 3 years	1,000.0	80.0	424.8	487.8
> 3 up to 4 years	100.0	1,000.0	396.9	412.9
> 4 up to 5 years	0.0	100.0	572.2	362.0
> 5 up to 10 years	1,255.0	1,255.0	3,084.2	2,175.9
> 10 years	1,250.0	1,250.0	1,541.7	953.7
Total	3,695.0	3,705.0	7,165.9	5,611.3

## 6.3. Additional key figures

	Dec. 31, 2020	Dec. 31, 2019
Fixed-interest <i>Pfandbriefe</i> as a percentage of covered liabilities	97.3%	97.3%
Fixed-interest cover assets as a percentage of total cover pool	100%	100%
Volume-weighted average age of receivables (in years)	5.2	5.7
Weighted average loan to value ratio	47.6%	47.9%

## 6.4. Mortgages by size classes

	Nominal value		% of mortgage receivables	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019

	EUR million	EUR million	%	%
≤ € 0.3 million	6,604.9	5,333.1	95.5	99.5
> € 0.3 million up to € 1.0 million	288.0	28.2	4.2	0.5
> € 1 million up to € 10.0 million	23.0	0.0	0.3	0.0
> € 10.0 million	0.0	0.0	0.0	0.0
Total	6,915.9	5,361.3	100.0	100.0

## 6.5. Mortgages by federal states

	Nominal value		% of mortgage receivables	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
	EUR million	EUR million	%	%
Baden-Württemberg	700.7	561.0	10.1	10.5
Bavaria	930.8	673.5	13.5	12.6
Berlin	532.4	360.1	7.7	6.7
Brandenburg	450.4	361.3	6.5	6.7
Bremen	33.8	31.8	0.5	0.6
Hamburg	337.5	209.2	4.9	3.9
Hessen	869.4	662.1	12.6	12.4
Mecklenburg-West Pomerania	101.3	84.4	1.5	1.6
Lower Saxony	498.8	408.9	7.2	7.6
North Rhine-Westphalia	1,426.2	1,146.9	20.6	21.4
Rhineland-Palatinate	240.2	197.6	3.5	3.7
Saarland	25.1	22.4	0.4	0.4
Saxony	247.5	201.9	3.6	3.8
Saxony-Anhalt	90.5	80.4	1.3	1.5
Schleswig-Holstein	347.9	285.1	5.0	5.3
Thuringia	83.4	74.5	1.2	1.4
Total	6,916.0	5,361.3	100.0	100.0

## 6.6. Mortgages by property type

	Nominal value		% of mortgage receivables	
	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million	Dec. 31, 2020 %	Dec. 31, 2019 %
<b>Residential use</b>				
Single and two-family houses	4,807.6	3,920.8	69.5	73.1
Multi-family houses	0.0	0.0	0.0	0.0
Condominiums	2,108.4	1,440.4	30.5	26.9
<b>Total</b>	<b>6,916.0</b>	<b>5,361.3</b>	<b>100.0</b>	<b>100.0</b>
<b>Commercial use</b>				
Single and two-family houses	0.0	0.0	0.0	0.0
Multi-family houses	0.0	0.0	0.0	0.0
Apartments	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## 6.7. Mortgages at least 90 days delinquent

There were no mortgages at least 90 days delinquent in either the fiscal year or the previous year.

## 6.8. Further information on mortgages pursuant to section 28 (2) no. 4 PfandBG

	Residential use		Commercial use	
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Pending foreclosures	0.0	0.0	0.0	0.0
Completed foreclosures	0.0	0.0	0.0	0.0
Mortgages taken over	0.0	0.0	0.0	0.0
Interest in arrears in EUR	14,108.7	6,414.7	0.0	0.0

## 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, 2020, the liability cap is EUR 12.2 million (PY: EUR 32.3 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 2021 this will result in a projected expense of EUR 47.6 million. This relates to expenses from contracts that are adjusted every year. An annual expense of up to EUR 49.3 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.

In 2016, ING Bank N.V. Vienna Branch was contributed to ING-DiBa Austria. As a result, ING-DiBa Austria assumed the economic risk for obligations arising from the documentary business, which remains with ING Bank N.V.

#### 7.1.4. Contributions to deposit and bank protection schemes

	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million
Contributions to deposit protection schemes	82.6	89.9
Additional agreement on contractual payment obligations	162.2	127.2
Contributions to the bank levy	16.5	14.9
Additional agreement on irrevocable payment obligations	12.9	10.1

As a member of the Compensation Scheme of German Banks (Entschädigungseinrichtung deutscher Banken GmbH, "EdB"), ING-DiBa 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 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, 2020 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 16.3 million (PY: EUR 14.7 million) for the European bank levy and of EUR 0.2 million (PY: EUR 0.2 million) for the stability levy imposed nationally pursuant to the Austrian Stability Levy Act (*Stabil-itätsabgabegesetz*, "StabAbgG").

Securities in the amount of 30 percent (PY: 30 percent) of the contribution were lodged 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 led to 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 within the meaning of section 285 no. 3 HGB if they are utilized.

## 7.2. Shareholdings

	Share in equity	Equity	Net profit/loss for the fiscal year
	31. Dec., 2020	31. Dec., 2019	2019
	%	EUR thousand	EUR thousand
GGV Gesellschaft für Grundstücks- und Vermögensverwaltung mbH, Frankfurt am Main	100	35,060	25,442
ING-DiBa Service GmbH, Frankfurt am Main	100	89	-3
paydirekt Beteiligungsgesellschaft privater Banken mbH i.L., Berlin	0	59	-24

Under the existing control and profit and loss transfer agreement, the profit of GGV Gesellschaft für Grundstücks- und Vermögensverwaltung mbH i.L. for the 2019 fiscal year will be transferred to ING-DiBa.

The liquidation of paydirekt Beteiligungsgesellschaft privater Banken mbH i.L., Berlin was completed in September 2020. The closing liquidation balance sheet as of June 30, 2020 was adopted by shareholders' resolution on September 4, 2020.

### 7.3. Auditor's fee

The auditors' fees charged for the fiscal year are not disclosed in ING-DiBa's annual financial statements because they are included in the consolidated subgroup financial statements of ING Deutschland. The consolidated subgroup financial statements are published online at [www.ing.de](http://www.ing.de).

## 7.4. Derivative financial instruments

### 7.4.1. Interest rate and foreign currency swaps

	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million
<b>Currency forwards</b>		
Currency delivery claims (notional amount)	3,634.8	4,126.7
Currency delivery liabilities (notional amount)	3,606.9	4,167.2
Carrying amount (other assets)	47.2	0.0
Carrying amount (other liabilities)	11.0	43.4
Positive fair value	50.6	7.0
Negative fair value	14.2	50.2
<b>Interest rate swaps in Euro</b>		
Notional amount	241,085.2	202,228.9
Carrying amount (prepaid expenses)	510.3	212.3
Carrying amount (deferred income)	289.7	237.1
Positive fair value (excluding accrued interest)	4,761.2	2,913.1
Negative fair value (excluding accrued interest)	5,457.9	3,954.7
<b>Interest rate swaps in foreign currency</b>		
Notional amount	512.0	549.3
Carrying amount (prepaid expenses)	1.9	2.5
Carrying amount (deferred income)	1.0	1.4
Positive fair value (excluding accrued interest)	0.0	0.1
Negative fair value (excluding accrued interest)	23.2	7.4
<b>Cross currency swaps</b>		
Notional amount	3,836.6	6,693.8
Carrying amount (other assets)	285.4	0.0
Carrying amount (other liabilities)	7.0	62.4
Positive fair value (excluding accrued interest)	278.7	44.0
Negative fair value (excluding accrued interest)	7.1	115.6

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's calculations, as of December 31, 2020, the present value of the banking book significantly exceeds the corresponding carrying amount.

### 7.4.2. Options

	Dec. 31, 2020 EUR million	Dec. 31, 2019 EUR million
<b>Swaptions</b>		
Nominal value of the underlyings	977.0	0.0
Carrying amount (assets)	62.7	0.0
Carrying amount (liabilities)	68.7	0.0
Positive market value	0.2	0.0
Negative market value	6.0	0.0

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. Hedges

ING-DiBa 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. Currently, there are other liabilities from the reversal of former valuation units in the amount of EUR 2.1 million (PY: EUR 3.8 million).

## 7.5. Average number of employees

	2020	2019
Germany	3,947	3,694
Austria	354	305
	4,301	3,999

## 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 5.9 million (PY: EUR 4.1 million). The total remuneration of the former members of the Management Board and their bereaved in the fiscal year was EUR 1.5 million (PY: EUR 1.1 million).

The members of the Management Board were granted a total of 45,402 share-based subscription rights (PY: 6,524 ) on shares of the ING Groep N.V. The fair value of the share-based subscription rights as of the grant date was EUR 224.7 thousand (PY: EUR 64.0 thousand). As in the previous year, no additional subscription rights were granted in 2020. The increase results from the voluntary waiver in the previous year in favor of employee bonuses.

Provisions totaling EUR 1.4 million (PY: EUR 2.2 million) have been recognized for current pensions and entitlements to pensions for current members of the Management Board and provisions of EUR 20.8 million (PY: EUR 22.2 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 0.8 million (PY: EUR EUR 1.0 million).

As of December 31, 2020, the total amount of loans granted to the members of the Management Board was EUR 0.3 million (PY: EUR 0.3 million) and EUR 0.0 million (PY: EUR 0.0 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

**Bernd Geilen**

Deputy Chairman until September 30, 2020

Member of the Executive Board until September 30, 2020

**Dr. Joachim Freiherr von Schorlemer**

Vice Chairman since October 01, 2020

Member of the Executive Board since January 01, 2016

**Željko Kaurin**

Member of the Executive Board since October 01, 2015

**Sigrid Kozmiensky**

Member of the Executive Board since October 01, 2020

**Daniel Llano Manibarbo**

Member of the Executive Board since January 01, 2020

**Norman Tambach**

Member of the Executive Board since April 01, 2019

### 7.7.2. Supervisory Board

**Dr. Claus Dieter Hoffmann**

Chairman of the Supervisory Board

Member of the Supervisory Board

Managing Director H+H Senior Advisors GmbH

**Rainer Pfeifer**

Vice Chairman of the Supervisory Board since April 03, 2020

Member of the Supervisory Board  
Bank employee

**Aris Bogdaneris**

Member of the Supervisory Board  
CEO Retail Banking International

**Birgit Braitsch (ver.di)**

Member of the Supervisory Board  
ver di regional section head

**André Fioritto**

Member of the Supervisory Board  
Bank employee

**Prof. Dr. Wolfgang Gerke**

Member of the Supervisory Board  
Financial economist

**Prof. Dr. Gesche Joost**

Member of the Supervisory Board  
Design Scientist

**Ulrich Probst**

Member of the Supervisory Board  
Bank employee

**Ronald Scherpenhuijsen Rom**

Member of the Supervisory Board  
Bank employee

**Stefan Teichmann**

Vice Chairman of the Supervisory Board until April 02, 2020  
Member of the Supervisory Board  
Bank employee

**Diederik Baron van Wassenaer**

Member of the Supervisory Board  
Head of Regulatory & International Affairs ING Bank N.V.

**Dr. Joerg Wildgruber**

Member of the Supervisory Board

Business Economist

## 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, 2019 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](http://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

There is a profit and loss transfer agreement between ING Deutschland GmbH and ING-DiBa AG. An amount of EUR 396.0 million (PY: EUR 550.9 million) is to be transferred to ING Deutschland GmbH for the 2020 fiscal year.

Frankfurt am Main, March 25, 2021

The Management Board

Nick Jue

Dr. Joachim von Schorlemer

Željko Kaurin

Sigrid Kozmiensky

Daniel Llano Manibardo

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 2020. 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 documents.

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 at 31 December 2020, 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 2020, 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 2020. 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 our opinion, on the basis of the knowledge obtained in 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 2020 and of its financial performance for the financial year from 1 January to 31 December 2020 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, this 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 2020. 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 risk provision in the lending business with retail and commercial customers**

For an explanation of how provisions for the lending business are measured, please refer to the section "2.1 General information" 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 at 31 December 2020, there are loans and advances to customers totalling EUR 121,637 million at ING-DiBa AG. In the lending business with retail and commercial customers, ING-DiBa AG has recognised a total of EUR 549 million in loan loss provisions for latent and acute credit risks, which are for the largest part deducted from the loans and advances to customers under assets.

There is significant discretionary leeway in the calculation of loan loss provisions in retail and commercial customer lending as regards 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 parameters.

In the reporting period, additional uncertainty existed regarding the possible effects of the Covid-19-pandemic on retail and commercial lending customers and, in particular, on the amount of model-based loan loss provisions (general valuation allowances [German “Pauschalwertberichtigung” oder PWB] and generalized allowances [German “pauschalierte Einzelwertberichtigung” oder pEWB]) for latent and acute credit risks.

Regarding commercial banking, the economic consequences of the Covid-19-pandemic had different effects on individual industries and borrowers, depending on the extent they were affected by the lock-down measures. The financial statement risk is that economic effects of the Covid-19-pandemic on individual borrowers are not or not fully recognized and adequately reflected in the available financial information and in internal models and ratings.

Extensive state support measures by the federal government to mitigate the consequences of the Covid-19-pandemic can lead to a delay in expected crisis-related defaults. Based on the experience of past economic crises, a crisis-related increase in defaults can be expected after state support measures have expired. The financial statement risk is that delayed defaults expectations are not adequately reflected in the model-based loan loss provisions. To take this into account, ING-DiBa has recorded a management overlay of EUR 28 million in connection with the time lag in crises-related defaults expectations in commercial banking in addition to the model-based loan loss provision

There is also discretionary leeway in the determination of the required specific loan loss provisions in commercial banking 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 determination of specific loan loss provisions in commercial banking, there was also an increased uncertainty in the reporting period regarding the economic impacts of the Covid-19-pandemic on the expected cash flows.

The financial statement risk in the determination of loan loss provisions for retail and commercial customers particularly concerns the potential absence of appropriate estimates or discretionary judgments and thereby the inherent and acute credit risks not being 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 for 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, the economic impacts of the Covid-19-pandemic on individual segments of the credit portfolio and the associated counterparty default risks as well as the internal control system with regard to identifying,

controlling, monitoring and evaluating counterparty default risks associated with retail and commercial customer lending.

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 implementation and the effectiveness of relevant controls, including automatic controls, that are intended to ensure derivation of assumptions and parameters to determine the risk 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.

In addition, 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 commercial banking, we assessed the adequacy of the methodology and reasonableness of key assumptions used in calculating the management overlay.

We examined the impairment testing of loans and advances from commercial customers using specific item testing of individual exposures from the perspective of materiality and risk. 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 are satisfied that these have been properly taken into account. 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 reviewed in particular 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 Financial Reporting Process" under "4. Internal control system for financial reporting" of the management report for further information on the assignment and management of authorisations in ING-DiBa AG.

### THE FINANCIAL STATEMENT RISK

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

ING-DiBa AG's IT infrastructure is partially outsourced to companies in the group 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 for our audit.

### OUR AUDIT APPROACH

We gained an understanding of the IT-related control environment of ING-DiBa AG 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, and tested their design 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 following change of organisational unit or leave from the company.
- Controls that the appropriateness of system access granted for personalized and non-personalized privileged authorisations 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 or system operations.

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

#### OUR OBSERVATIONS

The IT access authorisations generally meet the requirements for the completeness and accuracy of data. In cases where we identified control deficiencies, we performed additional audit procedures and in particular identified compensating controls that addressed the risk for these annual financial statements as at 31 December 2020.

#### 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 for content 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 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 German Legally Required Accounting Principles. In addition, management is responsible for such internal control 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, whether 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 the Institut der Wirtschaftsprüfer (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 of the annual financial statements and of 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 control 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 overall 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, the related safeguards.

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 28 April 2020. We were engaged by the Chairperson of the Supervisory Board on 10 November 2020. We have been the auditor of ING-DiBa AG, Frankfurt am Main, 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 investment services pursuant to Section 89 WpHG,
- Audit reviews of the reporting packages prepared according to the ING Group Accounting Manual to ING Groep N.V. in accordance with ISRE 2410,
- Audit review of financial information prepared according to the basis of preparation ISRE 2410,
- Issuance of a comfort letter
- Audit 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.
- Assurance of the equivalent insolvency protection of pension assets in accordance with ISAE 3000
- Audit of the identification of Critical Infrastructures pursuant to BSI Act

## German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Markus Winner.

Frankfurt am Main, 26 March 2021

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Winner  
Wirtschaftsprüfer  
[German Public Auditor]

Sorokina  
Wirtschaftsprüferin  
[German Public Auditor]