Creditreform Bank Rating

ING Groep N.V. (Group) as parent of
ING Bank N.V.

Creditreform Rating

ING Bank N.V.
Long-Term Issuer Rating: A
Outlook: positive

Short-Term Rating: L2

Preferred Sen. Unsec. Debt: A
Non-Preferred Sen. Unsec. Debt: -
Tier 2 Capital: BBB-
AT1 Capital: BB+

15 December 2022

Rating Action:

Creditreform Rating affirms the Long-Term Issuer Rating of ING Groep N.V. (Group) at 'A' (Outlook: positive)

Creditreform Rating (CRA) has affirmed the Long-Term Issuer Rating of ING Groep N.V. at 'A' and the Short-Term Issuer Rating at 'L2'. The rating outlook is upgraded to positive.

At the same time, we affirm ING Groep's Non-Preferred Senior Unsecured debt at 'A-', Tier 2 capital at 'BBB-' and AT1 capital at 'BB+'.

Concurrently we affirm the Long-Term Issuer Rating of ING Bank N.V. as well as ING Bank's Preferred Senior Unsecured debt at 'A', Tier 2 capital at 'BBB-' and AT1 capital at 'BB+' in line with our methodology.

Please find a complete list of rating actions regarding the Group and its affected subsidiary at the end of this rating update.

Key Rating Driver

CRA has revised the rating of ING Groep N.V. and its bank capital and debt instruments as a result of its periodic monitoring process for the following reasons:

- Resurgent profitability, marred by one-off costs incurred in 2022 so far
- Continuously improving asset-quality despite high inflation and lingering supply-chain problems
- Declining capitalization through dividends and share buybacks
- Focusing of the Group by exiting smaller, less profitable markets

Company Overview

ING Groep N.V. (hereafter ING or the Group) is a non-operating holding company headquartered in Amsterdam. The Group acts as a parent company for various banks, entities and subsidiaries worldwide, whereby the ING Bank N.V. is the most significant asset and the best-known subsidiary as well as the largest financial institute in the Netherlands in terms of total assets. As ING is one of the global systemically important banks (G-SIB), the bank must therefore comply with additional regulatory requirements. ING was founded in 1991 by a merger between the insurance company Nationale-Nederlanden and the banking company NMB Postbank Group. In recent years, ING transformed from a diversified financial services company into a standalone bank holding. With more than 58,000 employees, the Group serves around 38 million customers.

ING has a presence in more than 40 countries and operates primarily in Europe as well as in North America, South America, the Middle East, Asia and Australia. The Group is divided into four business lines. "Retail Benelux" represents the major contributor to the Groups operating income and is responsible for the retail banking business of private customers in the Netherlands, Belgium and Luxembourg. The business line "Retail Challengers & Growth Markets" is primarily responsible for retail banking business among others in Germany, Australia, Poland, Turkey, and some business units in Asia. The business line "Wholesale Banking" serves business

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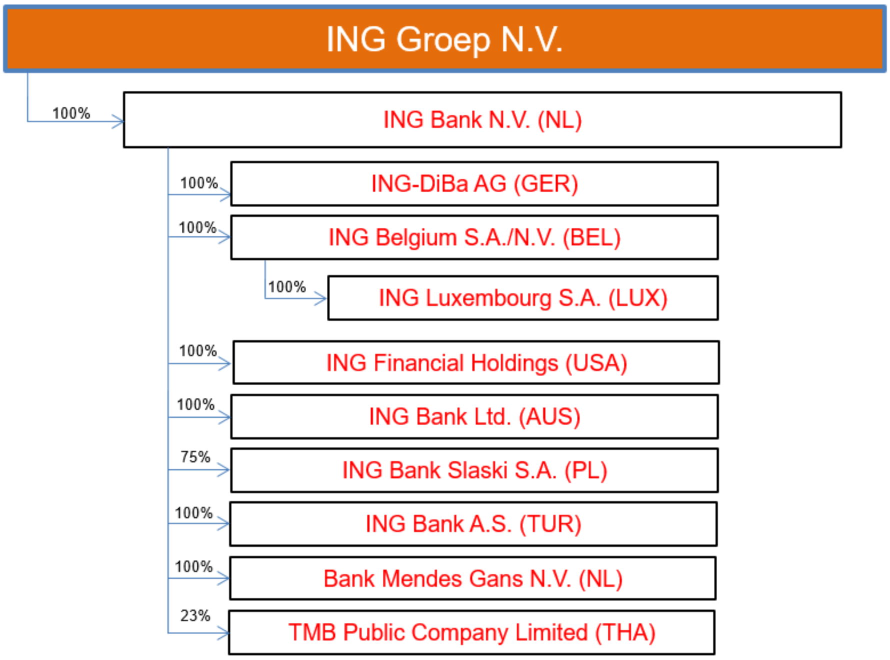
clients and organizations with tailored financial products. By contrast, "Corporate Line" is a reflection of capital management activities and certain expenses that are not allocated to the banking businesses.

Since the end of February, the Group has reduced the Russia-related exposure by €2.4 billion EUR, to €3.8 billion as of 30 September.

The principal subsidiaries, investments in associates and joint ventures of the ING Group can be found in chart 1 below:

Chart 1: Principal subsidiaries, investments in associates and joint ventures of the ING Groep N.V. | Source: Annual Report 2021



Considering ING's development in the structure of the Group in recent years, there was only one major change. In July 2019, ING completed the sale of ING Lease Italy with the settlement price of about €1.1 billion.

In the course of 2021, ING announced that it is leaving three European markets. In February, ING announced the intention to withdraw from Czechia. In July ING announced the agreement to transfer ING's retail operations in Austria to bank99. In December, ING announced the withdrawal from the French market.

In line with our rating methodology, the rating is based on the Group Head, ING Groep N.V.. The consolidated financial statements are evaluated in this context. With regard to the rating of Non-Preferred Senior Unsecured and Preferred Senior Unsecured debt, the Dutch legal framework results in special considerations. Only ING Bank N.V. is allowed to issue Preferred Senior Unsecured debt, while as the single point of entry (SPE), only the Group may issue MREL-eligible capital. I.e. the Non-Preferred Senior Unsecured is attributed to ING Groep N.V., while Preferred Senior Unsecured debt is attributed to ING Bank N.V..

Rating Considerations and Rationale

The affirmation of ING's Long-Term Issuer Rating and upgraded Outlook was primarily driven by a significant improvement of earnings throughout 2021, marred in 2022 by several, exogeneous one-off factors. ING managed to continuously improve its asset quality amidst a difficult market environment. Good profitability allows the generous distribution policy, yet erodes the still comfortable capital buffers, which nevertheless is in line with long-term strategic planning.

Profitability

Under the impact of the COVID-19 pandemic, the annual surplus had collapsed in the previous year. After weathering this crisis, the Group was able to generate a net profit of €4.9 billion in fiscal year 2021, which was again in line with previous years (2019: €4.9 billion, 2018: €4.8 billion). This was made possible mainly by significantly lower risk costs, which at €519 million were almost €2.4 billion lower than in the previous year. Operating profit also increased slightly year-on-year (+€0.3 billion). Net interest income remained at the prior-year level, boosted by TLTRO of €483 million. However, Fee income scored high growth in 2021, increasing by €0.5 billion to €3.5 billion, mainly driven by the daily banking and investment products businesses. The bank benefited in 2021 in particular from the economic recovery and the good performance of the capital markets. Overall, operating income increased by 3.6% from €17.9 billion to €18.5 billion.

Operating expenses increased moderately by 3.2% from €10.8 billion to €11.2 billion, with the increase in personnel expenses making a notable contribution. Regulatory costs also increased sharply. Other provisions increased substantially, partly due to the discontinuation of retail banking activities in France and the restructuring of the branch network in the Netherlands. Also included are provisions in the amount of €180 million in connection with the compensation of Dutch retail customers due to interest rate disputes.

In total, operating profit increased by just under €0.3 billion. As mentioned above, the increase in net profit was mainly due to the decrease in risk costs. At €0.5 billion, these were only around one third of the through-the-cycle average (8bp vs. 25bp over customer lending). Risk costs mainly arose in Stage 3 provisioning, while the increased provisions (management overlays) in Stage 1 and 2 of 2020 were partially released. Both pre-tax profit and net profit were thus back at the level of previous years.

Looking at the business segments, the increase in pre-tax profit was mainly attributable to Wholesale Banking, where the majority of risk costs were booked in the previous year - at the same time, however, organic growth of over €0.4 billion was achieved in operating income. Of the other segments, only Retail Other achieved significant growth in operating income, while the key markets of the Netherlands, Belgium and Germany suffered losses compared with the previous year.

The increase in net profit led to a corresponding rise in key earnings figures. The return on equity was a very good 9%. The cost/income ratio remained little changed from the previous year, which implies no significant improvement in inherent profitability. As already mentioned, operating income has remained little changed in recent years, while operating expenses have increased year by year. The banking group suffers from the low interest rate environment despite business expansion.

In the first nine months of 2022, operating income decreased slightly compared with the prior-year period. Thanks to the turnaround in interest rates, interest income increased sharply, but expenses rose just as sharply, resulting in a slight decrease on balance. Net fee and commission income increased slightly. However, the line item "Other income" had a particular impact on the decline in operating income. ING is forced to apply IAS 29 due to hyperinflationary tendencies in Turkey, which led to a negative impact on operating income (-€262 million) and net profit in total of -€330 million in the last two quarters.

Operating expenses increased slightly due to higher personnel expense; overall operating profit was slightly lower than a year earlier. Due to the Russian invasion of Ukraine, risk costs rose sharply, particularly in the first quarter. As of Q3 2022, loan loss provisions relating to the Russia exposure amounted to €0.6 billion.

In total, net profit was €2.6 billion in Q3 2022, compared with €3.8 billion in the prior-year period. The cost/income ratio remained essentially at the level of 2021. The bank made a post-quarter notification regarding an ECB notification that TLTRO conditions will change. The bank had to unwind a related derivative position and expects an impact of € -315 million in the fourth quarter of 2022.

Asset Situation and Asset Quality

ING's total assets grew only slightly in 2021, but there was quite a bit of activity within the line items. Customer loans grew by just under €30 billion year-on-year, corresponding to an increase of 5%. At the same time, the equity position grew by more than double to €20.2 billion, while the debt securities position declined by €5.4 billion. Derivatives decreased by one third to €21.3 billion. In total, total assets increased by only EUR 14 billion or 1.5 percent year-on-year.

Asset quality improved further in 2021. After an increase in the NPL ratio and the ratio for potential problem loans (Stage 2), both ratios decreased in 2021. As in the income segment, the cost of risk in 2021 was extremely low at 8bp of total loans. Compared with RWA, the cost of risk was 17bp. The RWA ratio remained virtually unchanged from the previous year.

Notwithstanding the global crisis and high inflation environment, asset quality improved again as of H1 2022. Both Stage 3 and Stage 2 exposure decreased, compared to year-end 2021. RWA, on the other hand, increased significantly, mainly driven by higher risk weights related to the bank’s Russia exposure as well as due to the announced risk weight floor on Dutch mortgages. Regarding the Russia exposure, ING can show success in reducing it as of Q3 2022. In February, there was still a total exposure of €6.7 billion; as of the end of September, the exposure was reduced to only €3.8 billion.

Refinancing, Capital Quality and Liquidity

The growth in assets was refinanced by a combination of TLTRO III (EUR 65.5 billion, +EUR 6 billion year-on-year), customer deposits (+EUR 7.8 billion), and debt securities (+EUR 10.4 billion). By contrast, shareholders' equity decreased by EUR 1 billion year-on-year. Net profit less OCI amounted to EUR 3.1 billion (total comprehensive income). Dividends and share buybacks reduced stockholders' equity by €4.1 billion.

While the equity ratio deteriorated minimally, the regulatory equity ratios increased slightly. The Leverage ratio increased sharply due to the significant reduction in leverage exposure, which was caused by temporary relief in connection with the management of the COVID-19 pandemic. The relief measure was discontinued as of April 2022, and the Leverage ratio was reported back at previous levels as of Q3 2022.

Equity decreased further in 2022 due to a generous dividend policy. The equity ratio decreased to 4.88% as of Q3 2022 and the CET1 ratio decreased to 14.75% due to the distributions and higher RWA levels. The buffer remains generously dimensioned at 4.23% to the minimum requirement, but the bank plans to achieve a CET1 ratio of only 12.5% in the medium term. Thus, the bank continues to expect a payout ratio above 100%.

Environmental, Social and Governance (ESG) Score Card

ING Groep NV has one significant and two moderate ESG rating driver

• Corporate Governance is identified as a highly significant rating driver. The relevance for the credit rating results from the impact of the corporate governance factor on all other ESG factors and the overall well-being of the bank. This sub-factor is rated positive due to ING's strong economic track record, the implemented ESG policies and its leading role in digitization among the major European banks.

• Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. Green Financing / Promoting is rated positive due to the early implementation and continues emission of green bonds, whereas Corporate Behaviour is rated negative due the misconduct in recent years in relation with money laundering.

ESG Score
3,5 / 5

ESG Score Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
< = 1,75	Poor

Factor	Sub-Factor	Consideration	Relevance Scale 2022	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
	1.2 Exposure to Environ-mental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	2	( )
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)
Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	1	( )
Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated positive in terms of the CRA ESG criteria.	4	(+)
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated negative in terms of the CRA ESG criteria.	3	(-)
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating, and is rated very positive in terms of the CRA ESG criteria.	1	(+ +)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
( )	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Score is based on the Methodology "Environmental, Social and Governance Score of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage https://creditreform-rating.de/en/about-us/regulatory-requirements.html. In addition, we refer to CRA's position paper "Consodering the Impact of ESG Factors".

Outlook

The outlook of the Long-Term Issuer Rating of ING Groep N.V. is 'positive'. The Group successfully managed 2020 and achieved a very good result in 2021. Even if the fiscal year 2022 will be worse, this is mainly due to extraordinary circumstances. At the same time, the bank is managing to further improve asset quality in a difficult market environment. Although the capitalization is formally deteriorating, this is planned from a strategic point of view. The capital buffers remain comfortable, and the ability to generate capital organically through profit retention is unrestricted.

Scenario Analysis

Best-case scenario: A+

Worst-case scenario: A-

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

In a scenario analysis, it is possible for the bank to achieve a Long-Term Issuer Rating of 'A+' in the best-case scenario, while it may achieve an 'A-' in the worst-case scenario.

We could upgrade the Long-Term Issuer Rating, should the bank subsequently be able to organically improve its profitability and increase its resilience. Moreover, given possible exogenous shocks, the capital base should not erode much further for the time being.

In contrast, we would downgrade the Long-Term Issuer Rating if profitability is sustainably lower, for instance due to higher risk costs in the medium term, asset quality unfortunately deteriorates under current market conditions, or capitalization erodes excessively.

CRA's rating actions at a glance

ING Groep N.V. (Group):

- Long-Term Issuer Rating affirmed at 'A', positive outlook
- Short-Term Issuer Rating affirmed at 'L2'
- Non-Preferred Senior Unsecured debt rated at 'A-'
- Tier 2 capital affirmed at 'BBB-'
- AT1 capital affirmed at 'BB+'

ING Bank N.V.:

- Long-Term Issuer Rating affirmed at 'A', positive outlook
- Short-Term Issuer Rating affirmed at 'L2'
- Preferred Senior Unsecured debt rated at 'A'
- Tier 2 capital affirmed at 'BBB-'
- AT1 capital affirmed at 'BB+'

Ratings Detail

Bank ratings

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

LT Issuer / Outlook / Short-Term **A / positive / L2**

Bank Capital and Debt Instruments Ratings

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred senior unsecured debt (PSU):	**A**
Non-preferred senior unsecured debt (NPS):	**-**
Tier 2 (T2):	**BBB-**
Additional Tier 1 (AT1):	**BB+**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

Bank Issuer Rating	Rating Date	Result
LT / Outlook / Short-Term (Initial)	23.02.2018	A / stable / L2
Rating Update	03.08.2018	A / stable / L2
Rating Update	22.10.2019	A / stable / L2
Monitoring	24.03.2020	A / NEW / L2
Rating Update	29.10.2020	A / negative / L2
Rating Update	23.09.2021	A / stable / L2
Rating Update	15.12.2022	A / positive / L2
Bank Capital and Debt Instruments	**Rating Date**	**Result**
Senior Unsecured / T2 / AT1 (Initial)	23.02.2018	A / BBB / BB+
Senior Unsecured / T2 / AT1	03.08.2018	A / BBB- / BB+
PSU / NPS / T2 / AT1	22.10.2019	n.r. / A- / BBB- / BB+
PSU / NPS / T2 / AT1 (NEW)	24.03.2020	- / A- / BBB- / BB+
PSU / NPS / T2 / AT1	29.10.2020	- / A- / BBB / BB+
PSU / NPS / T2 / AT1	23.09.2021	- / A- / BBB- / BB+
PSU / NPS / T2 / AT1	15.12.2022	- / A- / BBB- / BB+
Subsidiaries of the Bank	**Rating Date**	**Result**
ING Bank N.V.		
LT / Outlook / Short-Term (Initial)	04.12.2018	A / stable / L2
Rating Update	22.10.2019	A / stable / L2
Monitoring	24.03.2020	A / NEW / L2

Rating Update	29.10.2020	A / negative / L2
Rating Update	23.09.2021	A / stable / L2
Rating Update	15.12.2022	A / positive / L2
Bank Capital and Debt Instruments of ING Bank N.V.		
Senior Unsecured / T2 / AT1 (Initial)	04.12.2018	A / BBB- / BB+
PSU / NPS / T2 / AT1	22.10.2019	A / - / BBB- / BB+
PSU / NPS / T2 / AT1 (NEW)	24.03.2020	A / - / BBB- / BB+
PSU / NPS / T2 / AT1	29.10.2020	A / - / BBB / BB+
PSU / NPS / T2 / AT1	23.09.2021	A / - / BBB- / BB+
PSU / NPS / T2 / AT1	15.12.2022	A / - / BBB- / BB+

Appendix

Figure 2: Group income statement[1] | Source: eValueRate / CRA

Income Statement (EUR m)	2021	%	2020	2019	2018
Income					
Net Interest Income	13.615	+0,1	13.604	14.078	13.916
Net Fee & Commission Income	3.517	+16,8	3.011	2.868	2.798
Net Insurance Income	-	-	-	-	-
Net Trading & Fair Value Income	892	-16,2	1.065	837	1.124
Equity Accounted Results	141	> +100	66	82	143
Dividends from Equity Instruments	122	+14,0	107	115	102
Other Income	235	> +100	21	244	140
Operating Income	**18.522**	**+3,6**	**17.874**	**18.224**	**18.223**
Expense					
Depreciation and Amortisation	955	-11,2	1.076	847	540
Personnel Expense	5.941	+2,2	5.812	5.755	5.420
Tech & Communications Expense	819	-3,6	850	805	779
Marketing and Promotion Expense	305	-9,0	335	391	402
Other Provisions	468	> +100	188	35	-9
Other Expense	2.704	+4,8	2.581	2.520	2.776
Operating Expense	**11.192**	**+3,2**	**10.842**	**10.353**	**9.908**
Operating Profit & Impairment					
Operating Profit	**7.330**	**+4,2**	**7.032**	**7.871**	**8.315**
Cost of Risk / Impairment	519	-82,2	2.910	1.154	656
Net Income					
Non-Recurring Income	0	-	0	119	77
Non-Recurring Expense	29	-90,7	313	2	898
Pre-tax Profit	**6.782**	**+78,1**	**3.809**	**6.834**	**6.838**
Income Tax Expense	1.877	+50,6	1.246	1.955	2.027
Discontinued Operations	-	-	-	-	-
Net Profit	**4.905**	**+91,4**	**2.563**	**4.879**	**4.811**
Attributable to minority interest (non-controlling interest)	128	+64,1	78	99	108
Attributable to owners of the parent	4.776	+92,2	2.485	4.781	4.703

Figure 3: Group key earnings figures| Source: eValueRate / CRA

Income Ratios (%)	2021	%	2020	2019	2018
Cost Income Ratio (CIR)	60,43	-0,23	60,66	56,81	54,37
Cost Income Ratio ex. Trading (CIRex)	63,48	-1,02	64,50	59,54	57,94
Return on Assets (ROA)	0,52	+0,24	0,27	0,55	0,54
Return on Equity (ROE)	8,97	+4,37	4,60	8,93	9,30
Return on Assets before Taxes (ROAbT)	0,71	+0,31	0,41	0,77	0,77
Return on Equity before Taxes (ROEbT)	12,41	+5,57	6,84	12,50	13,22
Return on Risk-Weighted Assets (RORWA)	1,57	+0,73	0,84	1,49	1,53
Return on Risk-Weighted Assets before Taxes (RORWAbT)	2,17	+0,92	1,24	2,09	2,18
Net Financial Margin (NFM)	1,55	-0,04	1,59	1,70	1,73
Pre-Impairment Operating Profit / Assets	0,77	+0,02	0,75	0,88	0,94
Cost of Funds (COF)	0,85	-0,20	1,05	1,75	1,74
Change in %Points					

[1] Data by our data provider eValueRate, which is standardized for analytical reasons. Thus, the used data and the resulting figures do not have necessary to match the presentation of the bank, which refers to this and all subsequent tables and figures.

Figure 4: Development of assets | Source: eValueRate / CRA

Assets (EUR m)	2021	%	2020	2019	2018
Cash and Balances with Central Banks	108.472	-4,5	113.607	56.387	49.988
Net Loans to Banks	22.179	+3,9	21.348	27.990	35.012
Net Loans to Customers	627.437	+5,0	597.552	611.585	592.196
Total Securities	107.819	+4,7	102.977	96.878	93.658
Total Derivative Assets	21.299	-30,9	30.822	23.951	24.774
Other Financial Assets	51.323	-11,8	58.175	60.077	75.961
Financial Assets	**938.529**	**+1,5**	**924.481**	**876.868**	**871.589**
Equity Accounted Investments	1.587	+7,6	1.475	1.790	1.203
Other Investments	26	+30,0	20	46	54
Insurance Assets	-	-	-	-	-
Non-current Assets & Discontinued Ops	52	-27,8	72	98	1.262
Tangible and Intangible Assets	3.671	-13,3	4.235	5.088	3.622
Tax Assets	1.506	+26,3	1.192	981	1.043
Total Other Assets	5.919	+2,1	5.800	6.873	8.257
Total Assets	**951.290**	**+1,5**	**937.275**	**891.744**	**887.030**

Figure 5: Development of asset quality | Source: eValueRate / CRA

Asset Ratios (%)	2021	%	2020	2019	2018
Net Loans/ Assets	65,96	+2,20	63,75	68,58	66,76
Risk-weighted Assets/ Assets	32,91	+0,23	32,68	36,60	35,42
NPLs*/ Net Loans to Customers	1,92	-0,32	2,24	1,79	1,87
NPLs*/ Risk-weighted Assets	3,86	-0,52	4,37	3,36	3,53
Potential Problem Loans**/ Net Loans to Customers	7,89	-2,49	10,37	6,72	7,23
Reserves/ NPLs*	43,69	+0,55	43,13	41,90	40,45
Reserves/ Net Loans	0,84	-0,13	0,97	0,75	0,76
Cost of Risk/ Net Loans	0,08	-0,40	0,49	0,19	0,11
Cost of Risk/ Risk-weighted Assets	0,17	-0,78	0,95	0,35	0,21
Cost of Risk/ Total Assets	0,05	-0,26	0,31	0,13	0,07
Change in %Points					

* NPLs are represented by Stage 3 Loans where available.
** Potential Problem Loans are Stage 2 Loans where available.

Figure 6: Development of refinancing and capital adequacy | Source: eValueRate / CRA

Liabilities (EUR m)	2021	%	2020	2019	2018
Total Deposits from Banks	80.954	+6,3	76.127	34.621	37.330
Total Deposits from Customers	618.587	+1,3	610.793	576.093	555.812
Total Debt	114.794	+10,0	104.404	143.415	147.367
Derivative Liabilities	20.646	-24,6	27.366	23.541	23.829
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	46.948	-5,5	49.703	44.647	54.973
Total Financial Liabilities	**881.929**	**+1,6**	**868.393**	**822.317**	**819.311**
Insurance Liabilities	-	-	-	-	-
Non-current Liabilities & Discontinued Ops	-	-	-	-	-
Tax Liabilities	874	-5,6	926	1.249	1.462
Provisions	1.293	+15,0	1.124	1.255	1.012
Total Other Liabilities	12.540	+12,2	11.172	12.260	13.510
Total Liabilities	**896.636**	**+1,7**	**881.615**	**837.081**	**835.295**
Total Equity	**54.654**	**-1,8**	**55.660**	**54.663**	**51.735**
Total Liabilities and Equity	**951.290**	**+1,5**	**937.275**	**891.744**	**887.030**

Figure 7: Development of capital and liquidity ratios | Source: eValueRate / CRA

Capital Ratios and Liquidity (%)	2021	%	2020	2019	2018
Total Equity/ Total Assets	5,75	-0,19	5,94	6,13	5,83
Leverage Ratio	5,94	+1,13	4,81	4,60	4,40
Common Equity Tier 1 Ratio (CET1)*	15,89	+0,44	15,45	14,57	14,47
Tier 1 Ratio (CET1 + AT1)*	18,09	+0,78	17,31	16,70	16,18
Total Capital Ratio (CET1 + AT1 + T2)*	21,02	+0,93	20,09	19,09	18,44
SREP/ CET1 Minimum Capital Requirements	10,51	+0,00	10,51	11,83	10,43
MREL / TLAC Ratio	21,03	-	-	-	-
Net Loans/ Deposits (LTD)	101,43	+3,60	97,83	106,16	106,55
Net Stable Funding Ratio (NSFR)	137,00	-	-	-	-
Liquidity Coverage Ratio (LCR)	139,00	+2,00	137,00	127,00	123,00
Change in %Points					

* Fully-loaded where available

Figure 8: Income statement of ING Bank N.V. | Source: eValueRate / CRA

Income Statement (EUR m)	2021	%	2020	2019	2018
Income					
Net Interest Income	13.615	+0,1	13.601	14.074	13.950
Net Fee & Commission Income	3.517	+16,8	3.011	2.868	2.803
Net Insurance Income	-	-	-	-	-
Net Trading & Fair Value Income	892	-17,9	1.087	847	1.107
Equity Accounted Results	141	> +100	66	64	124
Dividends from Equity Instruments	122	+14,0	107	115	102
Other Income	205	< -100	-15	29	140
Operating Income	**18.492**	**+3,6**	**17.857**	**17.997**	**18.226**
Expense					
Depreciation and Amortisation	955	-31,1	1.387	847	541
Personnel Expense	5.938	+2,1	5.817	5.753	5.430
Tech & Communications Expense	819	-3,6	850	805	833
Marketing and Promotion Expense	305	-9,0	335	391	402
Other Provisions	468	> +100	188	35	-9
Other Expense	2.710	+4,9	2.584	2.512	3.499
Operating Expense	**11.195**	**+0,3**	**11.161**	**10.343**	**10.696**
Operating Profit & Impairment					
Operating Profit	**7.297**	**+9,0**	**6.696**	**7.654**	**7.530**
Cost of Risk / Impairment	494	-82,9	2.883	940	656
Net Income					
Non-Recurring Income	0	-	0	117	0
Non-Recurring Expense	29	> +100	3	-	123
Pre-tax Profit	**6.774**	**+77,8**	**3.810**	**6.831**	**6.751**
Income Tax Expense	1.876	+42,4	1.317	1.889	2.036
Discontinued Operations	-	-	-	-	-
Net Profit	**4.898**	**+96,5**	**2.493**	**4.942**	**4.715**
Attributable to minority interest (non-controlling interest)	128	+64,1	78	99	108
Attributable to owners of the parent	4.770	+97,5	2.415	4.843	4.607

Figure 9: Key earnings figures of ING Bank N.V. | Source: eValueRate / CRA

Income Ratios (%)	2021	%	2020	2019	2018
Cost Income Ratio (CIR)	60,54	-1,96	62,50	57,47	58,69
Cost Income Ratio ex. Trading (CIRex)	63,61	-2,95	66,55	60,31	62,48
Return on Assets (ROA)	0,51	+0,25	0,27	0,55	0,53
Return on Equity (ROE)	10,07	+4,95	5,12	10,34	10,48
Return on Assets before Taxes (ROAbT)	0,71	+0,31	0,41	0,77	0,76
Return on Equity before Taxes (ROEbT)	13,92	+6,10	7,82	14,29	15,01
Return on Risk-Weighted Assets (RORWA)	1,57	+0,75	0,81	1,52	1,50
Return on Risk-Weighted Assets before Taxes (RORWAbT)	2,17	+0,92	1,25	2,09	2,15
Net Financial Margin (NFM)	1,39	-0,04	1,43	1,54	1,53
Pre-Impairment Operating Profit / Assets	0,77	+0,05	0,71	0,86	0,85
Cost of Funds (COF)	0,85	-0,19	1,04	1,74	1,72
Change in %Points					

Figure 10: Development of assets of ING Bank N.V. | Source: eValueRate / CRA

Assets (EUR m)	2021	%	2020	2019	2018
Cash and Balances with Central Banks	106.520	-4,1	111.087	53.202	49.987
Net Loans to Banks	20.188	-1,5	20.494	26.190	23.734
Net Loans to Customers	631.421	+5,1	601.054	616.709	596.652
Total Securities	107.827	+4,7	102.981	96.888	93.671
Total Derivative Assets	21.299	-30,9	30.822	23.971	24.782
Other Financial Assets	51.323	-11,8	58.175	60.077	82.913
Financial Assets	**938.578**	**+1,5**	**924.613**	**877.037**	**871.739**
Equity Accounted Investments	1.587	+7,6	1.475	1.790	1.044
Other Investments	26	+30,0	20	46	54
Insurance Assets	-	-	-	-	-
Non-current Assets & Discontinued Ops	52	-27,8	72	98	1.386
Tangible and Intangible Assets	3.671	-13,3	4.235	5.088	3.498
Tax Assets	1.490	+26,7	1.176	981	1.042
Total Other Assets	5.913	+2,2	5.788	6.870	8.249
Total Assets	**951.317**	**+1,5**	**937.379**	**891.910**	**887.012**

Figure 11: Development of asset quality of ING Bank N.V. | Source: eValueRate / CRA

Asset Ratios (%)	2021	%	2020	2019	2018
Net Loans/ Assets	66,37	+2,25	64,12	69,14	67,27
Risk-weighted Assets/ Assets	32,86	+0,22	32,65	36,57	35,35
NPLs*/ Net Loans to Customers	1,82	-0,33	2,15	1,78	1,77
NPLs*/ Risk-weighted Assets	3,67	-0,55	4,22	3,36	3,37
Potential Problem Loans**/ Net Loans to Customers	6,39	-1,94	8,33	6,66	7,18
Reserves/ NPLs*	45,96	+1,23	44,72	41,90	42,47
Reserves/ Net Loans	0,84	-0,13	0,96	0,74	0,75
Cost of Risk/ Net Loans	0,08	-0,40	0,48	0,15	0,11
Cost of Risk/ Risk-weighted Assets	0,16	-0,78	0,94	0,29	0,21
Cost of Risk/ Total Assets	0,05	-0,26	0,31	0,11	0,07
Change in %Points					

* NPLs are represented by Stage 3 Loans where available.
** Potential Problem Loans are Stage 2 Loans where available.

Figure 12: Development of refinancing and capital adequacy of ING Bank N.V. | Source: eValueRate / CRA

Liabilities (EUR m)	2021	%	2020	2019	2018
Total Deposits from Banks	121.099	+11,8	108.312	35.387	37.330
Total Deposits from Customers	619.457	+1,1	612.493	607.657	580.294
Total Debt	79.977	+3,0	77.615	118.182	183.999
Derivative Liabilities	20.646	-24,6	27.366	23.542	23.841
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	46.948	-5,5	49.703	44.647	669
Total Financial Liabilities	**888.127**	**+1,4**	**875.489**	**829.415**	**826.133**
Insurance Liabilities	-	-	-	-	-
Non-current Liabilities & Discontinued Ops	-	-	-	-	-
Tax Liabilities	874	-5,5	925	1.194	1.496
Provisions	1.271	+15,7	1.099	1.255	1.011
Total Other Liabilities	12.395	+11,0	11.169	12.229	13.396
Total Liabilities	**902.667**	**+1,6**	**888.682**	**844.093**	**842.036**
Total Equity	**48.650**	**-0,1**	**48.697**	**47.817**	**44.976**
Total Liabilities and Equity	**951.317**	**+1,5**	**937.379**	**891.910**	**887.012**

Figure 13: Development of capital and liquidity ratios of ING Bank N.V. | Source: eValueRate / CRA

Capital Ratios and Liquidity (%)	2021	%	2020	2019	2018
Total Equity/ Total Assets	5,11	-0,08	5,20	5,36	5,07
Leverage Ratio	3,17	-1,24	4,41	4,16	3,90
Common Equity Tier 1 Ratio (CET1)*	14,35	+0,32	14,03	13,05	12,88
Tier 1 Ratio (CET1 + AT1)*	16,54	+0,64	15,90	15,14	14,55
Total Capital Ratio (CET1 + AT1 + T2)*	19,54	+0,58	18,96	17,90	17,20
SREP/ CET1 Minimum Capital Requirements	7,03	+0,01	7,02	13,10	-
MREL / TLAC Ratio	-	-	-	-	-
Net Loans/ Deposits (LTD)	101,93	+3,80	98,13	101,49	102,82
Net Stable Funding Ratio (NSFR)	-	-	-	-	-
Liquidity Coverage Ratio (LCR)	-	-	-	-	-
Change in %Points					

* Fully-loaded where available

Regulatory

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With Rated Entity or Related Third Party Participation	No
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The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the rating methodology for bank ratings (v3.1), the methodology for the rating of bank capital and unsecured debt instruments (v2.1), as well as the rating methodology for Environmental, Social and Governance Score for Banks (v1.0) in conjunction with Creditreform's basic document Rating Criteria and Definitions (v1.3).

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions (v1.3) are published on our homepage:

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On 15 December 2022, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to ING Groep N.V. (Group) and its subsidiaries, and the preliminary rating report was made available to the bank. There was no change in the rating score.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

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CRA provides the following ancillary services for ING-DiBa AG - Business Banking (formerly: Lendico Deutschland GmbH): Annual financial statement registration, adjustment and translation of CSV report.

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1. Aggregated data base by eValueRate

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4. Website of the rated bank

5. Public and internal market analyses

6. Internet research

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