



Capital Requirements Regulation (CRR)

2022
Remuneration
Disclosure
ING Bank N.V.

Introduction

This 2022 remuneration disclosure provides detailed information on ING's remuneration principles and practices for Identified Staff, including members of the Executive Board and Management Board. Additionally, it demonstrates how ING is complying with applicable remuneration regulations in the financial services sector.

The data presented is based on policies and processes applicable in 2022 and relates to performance year 2022. Where we report for CRR disclosure, this includes the Pillar III disclosure.

This report should be read in conjunction with the Remuneration report on pages 76 to 99 of ING's Annual Report 2022.

Identified Staff selection

ING's selection of Identified Staff is based on the European Banking Authority's Regulatory Technical Standards (RTS) of 25 March 2021.

The RTS comprises qualitative and quantitative selection criteria. ING has carefully considered how to apply these criteria and, based on this, has identified positions and individuals that qualify as Identified Staff.

The selection and deselection of Identified Staff is an ongoing process to reflect staffing and organisational changes.

ING reviews its application of Identified Staff selection criteria annually and, if necessary, amends this process to comply with applicable regulations.

The number of Identified Staff at ING increased in 2022 (730) compared to 2021 (718).

Performance management

Performance management is a core people management process at ING. It aligns individual performance objectives with ING's strategy and priorities in order to build a long term and successful business for all its stakeholders within its risk appetite. Performance management is linked to remuneration and aims to reward for performance and not reward for failure.

Performance management supports ING's long-term interests and remuneration is a part of this. Assessing the performance of Identified Staff, and subsequently awarding variable remuneration to those who qualify, is carried out as a part of a multiple-year framework. This longer-term performance management horizon ensures variable remuneration remains 'at risk' throughout the deferral period by means of a possible holdback, as well as the fact that the equity part is subject to share price fluctuations.

Variable remuneration is linked to non-financial and financial performance. At least 50% of the variable remuneration award must be based on non-financial performance criteria. Variable remuneration takes into account company performance, business line performance and individual performance. Any undesired risks that were taken, or compliance issues that were not apparent when the variable remuneration was awarded, are taken into account at every deferred vesting of variable remuneration.

Remuneration principles and governance

Remuneration principles

The primary objective of ING's remuneration principles is to attract, motivate and retain highly qualified people with the desired Orange Code values and behaviours, skills and knowledge to deliver on ING's purpose and strategy in a sustainable way.

The remuneration principles are an integral part of ING's corporate strategy and risk profile. They maintain a sustainable balance between short and long-term value creation and build on ING's long-term responsibility towards customers, society and other stakeholders.

ING's remuneration principles apply to all staff and are embedded in the ING Remuneration Regulations Framework (IRRF). The IRRF complies with relevant international and local legislation and regulations. It sets specific requirements for Identified Staff, control functions, the members of the Executive Board and the Management Board. All business units in countries where ING is located and all majority-owned entities must adhere to this framework and are obliged to sign a certificate stating that their remuneration principles comply with the IRRF. The only applicable deviations are those based on mandatory local legislation or in a limited transformation period (e.g. negotiations with employee representative bodies).

ING's approach on the remuneration principles did not change in 2022. The principles are also embedded into ING's our people offer, that sets out ING's differentiating offer as an employer and states what ING asks of its people in return. It gives guidance to ING's global people practices, while supporting its strategy. Our people offer complies with relevant international and local legislations and regulations.

Remuneration requirements for Identified Staff

Fixed remuneration

Fixed remuneration for Identified Staff is sufficiently high to reward for the respective level of expertise, skills and range of responsibilities required for fulfilling a specific job in a business unit and region. Furthermore, the level of fixed remuneration allows variable remuneration to be reduced to zero.

Benefits

Like all other staff, under predetermined conditions Identified Staff are eligible to receive employee benefits such as pension, medical or accident insurance. Benefits are regulated locally and follow market practices and may therefore differ on a local level. ING does not award discretionary pension benefits.

¹ For the Executive Board the full total variable remuneration is paid out in shares.

Variable remuneration

Variable remuneration, where applicable, is primarily focused on creating long-term value and is based on individual, business line and company performance criteria. Where Identified Staff qualify for variable remuneration it is subject to specific and/or regulatory conditions. These conditions aim, in part, to ensure the variable remuneration is aligned with ING's ongoing risk profile over a longer period.

With respect to variable remuneration for Identified Staff the following applies:

- Variable remuneration is split into two parts:
 - An upfront award, which is delivered for a maximum of 50% in cash and a minimum of 50% in shares or other equity-linked instruments;
 - A deferred award, which is delivered for a maximum of 50% in cash and a minimum of 50% in shares or (in a few countries) other equity-linked instruments.¹
- A minimum of 40% of variable remuneration is deferred over a period of four to five years (depending on job position) typically with a tiered vesting schedule.
- A retention period of at least one year is applied to all non-cash elements post vesting, note for the members of the Executive Board and Management Board variable retention periods apply with a minimum of 12 months.
- Vesting is conditional on continued employment, provided limited exceptions.

ING applies different percentages to the upfront and deferred portions of variable remuneration, varying from 40% to 60% upfront, depending on job position.

ING benefits from the derogation as laid down in Article 94(3)(b) of Directive 2013/36/EU (the proportionality principle) for Identified Staff whose variable remuneration (i) does not exceed a total amount of €50,000 per year and (ii) does not represent more than 10% of the staff member's total remuneration. Proportionality means that in such case, no deferral or pay-out in instruments need to be applied. The number of Identified Staff that benefits from these derogations is 90. The total remuneration of Identified Staff that benefits from the derogations amounts to € 15,814,653, consisting of € 15,525,020 of fixed remuneration and € 289,633 of variable remuneration.

Sign-on/buy-out arrangement

Sign-on and buy-out arrangements are types of variable remuneration that are only awarded in exceptional cases and relate to the start of employment. The buy-out arrangement or sign-on arrangement is solely awarded:

- I. to a new staff member in view of their employment at ING;
- II. during the first year of service;
- III. if the staff member was not previously employed at ING in the year prior to being hired; and
- IV. if ING has a sound and strong capital base as described in section 6 on the EBA Guidelines on sound remuneration policies under Directive 2013/36/EU.

Sign-on arrangement

In the event of a sign-on arrangement, remuneration is paid to a new staff member in their first year of service to compensate for a loss of variable remuneration from their previous employer. Sign-on arrangements are excluded from the variable remuneration ratio for the first performance period, where the sign-on arrangement is awarded to a new staff member who was hired before the first performance period starts.

Buy-out arrangement

In the event of a buy-out arrangement, ING compensates for the loss of deferred variable remuneration awarded by a prior employer that was forfeited as a direct result of joining ING. The buy-out arrangement should not compensate the new staff member for a loss of variable remuneration or for variable remuneration that has already been compensated by ING or the previous employer. Written evidence of the forfeit needs to be provided to ING. The value of the forfeited deferred shares or other instruments is determined based on the fair market value at the commencement date of employment.

For buy-out arrangements, all requirements for variable remuneration apply, including deferral, retention periods, pay out in instruments, holdback and clawback. Buy-out arrangements are subject to the vesting schedule of the previous employer (adjusted to ING vesting dates) and are awarded at least 50% in equity if the recipient qualifies as Identified Staff.

Severance

Severance payments are compliant with the remuneration regulations, including locally applicable employment law. ING applies the principle of 'no reward for failure'.

² Within ING this exemption is only used for a limited group of employees (i.e. employees meeting one or more of the following criteria: (i) very specific and unusual circumstances, (ii) exceptional talent, (iii) a unique job function.

³ In 2021, the Annual General Meeting voted in favour of continuing to increase the variable remuneration percentages to 200% for performance years 2022 to 2026 for no more than 1% of ING staff globally. Related to 2022, 8 employees received variable remuneration exceeding 100%.

ING will not pay out any form of severance payment to a staff member in the event of:

- early termination of the employment relationship at the initiative of a staff member, unless this results from seriously imputable acts or failures on the part of ING;
- seriously imputable acts or failures by the staff member in the performance of their duties; or
- the staff member continues to work for ING in another function.

The maximum severance payment that can be paid out to daily policymakers will amount up to 100% of their annual fixed remuneration.

The amount of the severance payment is determined according to a predefined, generic calculation method and criteria as set out in the applicable local severance policy. Severance proposals for members of the Executive Board and Management Board are decided on by the Supervisory Board but are contractually limited to 100% of their annual fixed remuneration.

Variable remuneration cap

Based on applicable laws and regulations, ING applies maximum percentages of variable remuneration compared to fixed remuneration for different categories of staff.

Geographic scope	Staff categories	Maximum percentage
Netherlands (NL)	Staff working mainly in NL and solely remunerated on the basis of the collective labour agreement (CLA)	20%
Netherlands	Staff working mainly in NL who are not (solely) remunerated on the basis of the CLA	20% average 100% individual ²
EEA	Staff working mainly in the European Economic Area (EEA) and outside NL	100%
Non-EEA	Staff working mainly outside the EEA	100% which may be increased to 200% subject to shareholder approval ³

Pre-award and post-award assessment process; adjustment, holdback and clawback

Based on the remuneration regulations, specific risk adjustment mechanisms must be applied to the payout process of variable remuneration for Identified Staff. To this end, ING operates a so-called pre-award and post-award assessment process when determining variable remuneration. All awards are subject to regulatory maximum variable remuneration percentages.

The pre-award assessment process aims to consider all potential risks now and in the future. As part of this process, ING takes into account company performance, business line and individual performance, as well as a capital test. In addition, risk requirements apply to all Identified Staff in so-called risk-taker roles. These risk requirements set the minimum standards to be met during the performance year. Deviation from these standards may lead to a downward adjustment of variable remuneration (risk modifier).

The post-award risk assessment process analyses whether the outcomes of the initial pre-award risk assessment process were correct. This can, and in certain situations should, result in a downward adjustment of variable remuneration by applying a holdback (i.e. forfeiture of up to 100% of the awarded and unvested variable remuneration) and/or clawback (surrender of up to 100% of the paid or vested variable remuneration). Any decision to apply holdback or clawback is at the discretion of the Supervisory Board.

ING sets specific criteria (as outlined in the table on the right) for the application of holdback or clawback provisions. Depending on the criterion used, ING will apply either a mandatory (in a case that falls under criterion 1 and/or 2) or discretionary (in a case that falls under criterion 3 and/or 4) adjustment to an individual's variable remuneration reduction. The mechanisms at ING's disposal include (i) in-year variable remuneration reduction which is applied to non-deferred variable remuneration, (ii) holdback which is applied to deferred variable remuneration and/or (iii) clawback which is applied to vested or paid variable remuneration.

Ex post risk adjustment criteria
<p>Criterion 1. The staff member failed to meet appropriate standards of fitness or propriety</p>
<p>Sub criterion 1.a. Engaging in conduct or acts considered fraud or other types of criminal activities.</p>
<p>Sub criterion 1.b. Serious misbehaviour or error by a staff member, including a serious breach of: (i) fundamental principles set out in the Dutch banker's oath and its foreign counterparts, (ii) internal codes of conduct or other internal rules, especially those concerning risk, or (iii) his/her employment contract, relevant laws or regulations.</p>
<p>Criterion 2. The staff member participated in or was responsible for conduct which resulted in significant losses to ING or any of the legal entities in its group</p>
<p>Sub criterion 2.a. In the event of specific conduct that leads to the material re-statement of ING annual accounts and/or significant (reputational) harm to ING or any of its subsidiaries or affiliates.</p>
<p>Criterion 3. Payment of the VR award would be unacceptable according to the principles of reasonableness and fairness.</p>
<p>Sub criterion 3.a. Whether the Institution and/or the business unit subsequently suffers a significant downturn in its financial performance (e.g. specific business indicators).</p>
<p>Sub criterion 3.b. Whether the Institution and/or the business unit in which the staff member works suffers a significant failure of risk management.</p>
<p>Sub criterion 3.c. Significant increases in the Institution's or business unit's economic or regulatory capital base.</p>
<p>Sub criterion 3.d. Any regulatory sanctions where the conduct of the staff member contributed to the sanction.</p>
<p>Sub criterion 3.e. The VR award was made on the basis of incorrect information relating to the achievement of the targets underlying the VR award or circumstances that the VR award depended upon.</p>
<p>Criterion 4. The VR payment was made on the basis of incorrect information relating to the achievement of the targets underlying the VR award or circumstances that the VR award depended upon.</p>

Remuneration governance

The Remuneration Committee prepares the discussion and decision-making within the Supervisory Board and reviews, assesses and recommends actions to the Supervisory Board. The Remuneration Committee will prepare decisions on remuneration to be taken by the Supervisory Board, in particular regarding the remuneration of individual members of the Executive Board and Management Board as well as of other Identified Staff and other employees whose total annual remuneration is expected to be €1,000,000 or more.

The Remuneration Committee is supported by the Finance, Risk, Corporate Audit Services (CAS), Compliance, Legal and HR departments. Moreover, as set out in the IRRF, other relevant stakeholders are involved in the design of remuneration policies as well. To ensure the Remuneration Committee receives adequate and accurate information, there are delegated commissions and business line compensation committees in place. In addition, remuneration is a key topic of review by CAS.

On 31 December 2022, the members of the Remuneration Committee were Herna Verhagen (chair), Mariana Gheorghe, Harold Naus and Hans Wijers.

The Remuneration Committee met 7 times in 2022.

Topics relating to Identified Staff that were discussed at these meetings included among others:

- the annual review of the ING Remuneration Regulations Framework and update on deviations (if any)⁴;
- the review of the remuneration report;
- the review of the remuneration disclosure (CRR);
- the annual report of remuneration proposals for Identified Staff;
- the update of the Variable Remuneration Accrual Model and other variable remuneration related matters;
- the individual remuneration and severance proposals for Identified Staff and high earners; and
- the annual compensation review for Identified Staff, including the application of risk modifiers, the performance hurdles (i.e. the RoE and CET1 hurdles) and determination of the risk adjusted variable remuneration pools.

The services of the following external consultants were used with regards to remuneration: Stibbe, Willis Towers Watson, McLagan, Korn Ferry Hay Group and Deloitte. These are independent consultants who, at the request of ING, provide advice in the area of remuneration and related laws and regulations.

The roles and responsibilities of the Remuneration Committee of ING Bank N.V. are outlined in the Charter of the Remuneration Committee. These are similar to the roles and responsibilities of the Remuneration Committee of ING Groep N.V., as outlined in the charter of that committee, which is available on ING's corporate website (www.ing.com).

⁴ Only minor changes were made to the IRRF that not have an impact on the remuneration of Identified Staff.

Quantitative information

The following tables show the remuneration awards made by ING for Identified Staff for the performance year 2022.

Table 1 – Total fixed and variable remuneration awarded to Identified Staff

Fixed and variable remuneration awarded to Identified Staff in relation to performance year 2022, split by instrument					
	Supervisory Board	Executive Board	Management Board	Other senior management ³	Other IDS
	ING Group	ING Group	ING Bank		
Amounts in thousands of euros					
Number of Identified Staff	9	3	5	66	647
Total fixed remuneration^{1, 2}	1,048	5,301	6,159	32,369	176,327
Of which: cash-based	1,048	5,301	6,159	32,369	176,327
Number of Identified Staff	-	3	5	62	535
Total variable remuneration	-	669	4,014	11,277	61,703
Of which: cash-based	-	-	2,007	5,639	31,113
Of which: deferred	-	-	1,204	3,306	13,040
Of which: shares or equivalent ownership interests	-	669	2,007	5,433	28,861
Of which: deferred	-	401	1,204	3,203	12,170
Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	206	1,468
Of which: deferred	-	-	-	206	1,468
Of which: other instruments	-	-	-	-	-
Of which: deferred	-	-	-	-	-
Of which: other forms	-	-	-	-	261
Of which: deferred	-	-	-	-	-
Total remuneration	1,048	5,970	10,173	43,646	238,030

1 Fixed remuneration consists of base salary, the contribution individual savings, the individual savings allowance for the Executive Board and Management Board, payments in compensation for the loss of pension benefits and the employer pension contribution. This amount is excluding sign-on, buy-out and severance awards.

2 Fixed remuneration of Supervisory Board members includes the standard fees per role and committee.

3 The definition of other senior management for the purposes of this disclosure and used in all tables in this report is Global Grade 24 and above (ING Global Job Architecture) and positions reporting directly to the Management Board Banking (MBB-1).

Table 2 - Special payments to Identified Staff

Special payments to Identified Staff in relation to performance year 2022					
	Supervisory Board	Executive Board	Management Board	Other senior management	Other IDS
	ING Group	ING Group	ING Bank		
Amounts in thousands of euros					
Sign-on, buy-out and retention awards					
Number of Identified Staff	-	-	-	4	25
Total amount of sign-on, buy-out, retention awards	-	-	-	787	3,243
Severance payments awarded in 2022¹					
Number of Identified Staff	-	-	1	3 ²	22
Severance awards	-	-	932	1,331	7,739

1 This includes the severance payments awarded to all Identified Staff during 2022.

2 The highest severance award to an employee is € 1,067,186.

Table 3 – Number of Identified Staff with total remuneration of € 1,000,000 or more

Total remuneration ¹				
	Executive Board ING Group	Management Board ING Bank	Other senior management	Other IDS
€1,000,000 - €1,500,000	-	-	9	4
€1,500,000 - €2,000,000	2	4	1	-
€2,000,000 - €2,500,000	-	1	-	-
€2,500,000 - €3,000,000	1	-	-	-

1 This amount is excluding sign-on, buy-out and severance awards.

There is an increase in the number of Identified Staff with total remuneration above €1,000,000 (high earners), which is mainly due to closer alignment with the ITS on institutions' public disclosures of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 (Commission Implementing Regulation (EU) 2021/637).

Table 4 - Deferred remuneration

Analysis of deferred remuneration Identified Staff awarded or paid in 2022 ¹									
	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year ⁴	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years ⁴	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments) ⁵	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods	
Amounts in thousands of euros									
Executive Board ING Group³	729	119	610	-	-	40	119	293	
Cash-based	38	21	17	-	-	-	21	-	
Shares or equivalent ownership interests ¹	666	88	579	-	-	39	88	293	
Share-linked instruments or equivalent non-cash instruments	25	10	15	-	-	1	10	-	
Management Board ING Bank³	5,675	1,016	4,660	-	-	148	1,016	761	
Cash-based	2,806	502	2,304	-	-	-12	502	-	
Shares or equivalent ownership interests ¹	2,869	514	2,356	-	-	160	514	761	
Other senior management	13,164	2,428	10,736	-	-	-688	2,428	856	
Cash-based	6,213	1,037	5,176	-	-	-6	1,037	-	
Shares or equivalent ownership interests ¹	4,797	856	3,942	-	-	268	856	856	
Share-linked instruments or equivalent non-cash instruments ²	2,153	535	1,618	-	-	-950	535	-	
Other Identified Staff	79,532	22,926	56,606	-5	-15	-1,734	22,921	8,768	
Cash-based	35,747	9,646	26,100	-5	-7	-400	9,642	-	
Shares or equivalent ownership interests ¹	30,493	8,768	21,725	-	-9	1,475	8,768	8,768	
Share-linked instruments or equivalent non-cash instruments ²	13,293	4,512	8,781	-	-	-2,810	4,512	-	
Total amount	99,100	26,488	72,611	-5	-15	-2,234	26,484	10,677	

1 Equity is valued at the ING share price on 30 December 2022, being €11.48.

2 Share-linked instruments for other Identified Staff and other Senior Management includes unit awards and phantom shares awarded by ING Bank Slaski.

3 Executive Board ING Group and Management Board ING Bank are current and former members.

4 In 2022, holdback and/or clawback has been applied to one Identified Staff member.

5 This column shows impact of share price and foreign exchange rates during 2022 on the awards to vest in subsequent financial years.

Table 5 – Information on remuneration of Identified Staff in relation to performance year 2022

Fixed and variable remuneration awarded to Identified Staff in relation to performance year 2022, split by instrument ¹											
	Supervisory Board ING Group	Executive Board ING Group	Management Board ING Bank	Wholesale Banking	Retail Banking Market Leaders	Retail Banking Challengers & Growth	Treasury	Corporate Staff	Control Functions	All other	Total
Amounts in thousands of euros											
Total number of Identified Staff	9	3	5	244	46	93	18	161	151	-	730
Of which: members of SB/EB/MBB	9	3	5	-	-	-	-	-	-	-	
Of which: other senior management	-	-	-	10	3	11	-	32	10	-	
Of which: other Identified Staff	-	-	-	234	43	82	18	129	141	-	
Total remuneration of Identified Staff	1,048	5,970	10,173	122,042	18,331	36,396	6,788	52,798	45,321	-	
Of which: variable remuneration	-	669	4,014	40,172	3,662	11,453	1,990	7,126	8,577	-	
Of which: fixed remuneration	1,048	5,301	6,159	81,870	14,669	24,943	4,798	45,672	36,744	-	

¹ Excluding sign-on, buy-out and severance awards.