



**ING Green Bond**

**Allocation Report 2023**

**Financial Year 2023**



**do your thing**

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# Introduction

31 December 2023

## Sustainability at the heart

At ING, our purpose is empowering people to stay a step ahead in life and in business. This also means helping customers and society to stay a step ahead of the challenges they're facing. Climate change is one of the world's greatest challenges. Also, people may struggle with inequality, poor financial health, or a lack of basic human rights. There's a growing sense of urgency and rising expectations that governments and businesses must help tackle these challenges.

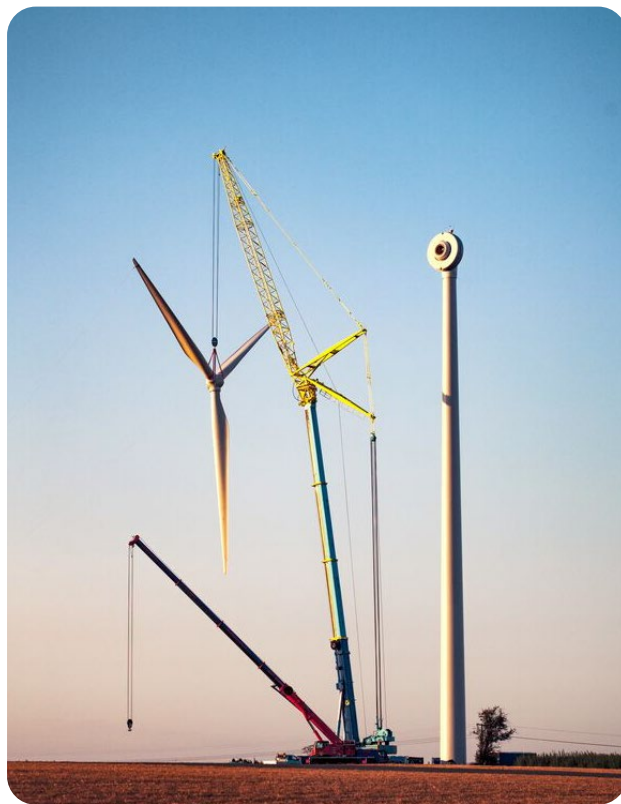
We aim to put sustainability at the heart of what we do, defining new ways of doing business that align economic growth with positive environmental and social impact.

Our priorities are as follows:

- **Climate action:** This is our main focus. We want to lead by example by striving for [net zero in our own operations](#). We aim to play our part in the low-carbon transformation that is necessary to achieve a sustainable future, steering the most carbon-intensive parts of our lending portfolio towards reaching net zero by 2050.
- **Collaboration:** We work with clients to achieve their own sustainability goals, increasing our impact through [partnerships and coalition-building](#).
- **Climate-related, environmental and social risk:** We manage the most relevant [environmental and social risks](#). We also contribute to positive change by supporting clients that seek continuous improvement in environmental and social practices.
- **Financial health and inclusion:** We're working to advance [financial health and inclusion](#) for customers and communities.
- **Empowering colleagues:** We empower colleagues to contribute to it all, for example by providing them with the right knowledge and training.

As society transitions to a low-carbon economy, so do our clients, and so does ING. The low-carbon transition cannot happen overnight. Even though we finance a lot of sustainable activities, we still finance more that's not, which is a reflection of the current global economy and how far the world still needs to go. Our approach follows data and science and evolves as the available science evolves. We want to be part of the solution and strongly believe we can make the most impact by engaging with clients, talking to them about their climate goals, and helping finance what they need to reach them.

For more information on our climate action approach, see [www.ing.com/climate](http://www.ing.com/climate).



## ING Sustainability Highlights 2023

Our sustainability efforts have been recognised externally by environmental, social and governance (ESG) rating agencies and other benchmarks. In 2023, Sustainalytics assessed our management of ESG material risk as 'strong'. Also in 2023, investment research firm MSCI awarded ING an AA ESG rating for the fourth consecutive year.



In December 2023, we took the next step and announced that we will phase out the financing of upstream oil and gas by 2040 and aim to **triple our renewable energy financing by 2025**.



Sustainable mortgages which provide an incentive to customers choosing A-labels (or the most energy-efficient homes) are available in the Netherlands, Germany, Luxembourg, Italy and Romania.



We announced that we are expanding our Terra approach to include additional carbon-intensive sectors and more parts of existing sectors. For example, we now cover our **global commercial real estate portfolio**.

# ING Group Green Bond Allocation Report

31 December 2023

## ING Green Bond Framework

In alignment with ING's sustainability strategy, we have established a [Green Bond Framework](#), under which ING Group and any of its subsidiaries can issue financial instruments (such as Senior Bonds, Subordinated Bonds, Covered Bonds, Commercial Papers, Medium-term notes and Deposits) to finance and refinance assets and projects which contribute to the UN Sustainable Development Goals and the sustainability strategy of ING.

ING established its sustainable debt strategy, via the publication of its first Green Bond Framework, back in 2015 and updated it in 2022, aimed at (re)financing green assets, namely green buildings and renewable energy projects.

Since the first publication of the Framework, ING has continued to take important steps to enhance its sustainable debt strategy and sees it as an important tool to support the strong growth of our own Sustainable Finance portfolio.

The framework aligns with the International Capital Market Association's (ICMA) Green Bond Principles (GBP) and has been externally assessed by **ISS ESG**. In the [Second Party Opinion \(SPO\)](#) by ISS ESG, the alignment with the Green Bond Principles (GBP), the EU Taxonomy and other additional regulations/standards has been assessed.

## ING's Green Bond Allocation Report

ING publishes its allocation of net proceeds to the Eligible Green Loan portfolio (allocation report) annually.

Each eligible Green Category includes.

- The size of the identified Eligible Loan Portfolio, per Eligible Project Category (Renewables & Green Buildings);
- The total amount of proceeds allocated to the Eligible Green Loan Portfolio;
- The number of eligible loans/assets;
- The balance of unallocated proceeds;
- The amount or the percentage of new financing and refinancing (new loans added to the portfolio);
- The geographical distribution of the assets (at country level);
- The proportion of the portfolio that is EU Taxonomy aligned.

In 2023, the Eligible Green Loan Portfolio consists of Renewable Energy (wind and solar), Green Commercial Buildings from the Netherlands, and Green Residential Buildings from the Netherlands and Germany.

In light of ING's Green Asset Ratio (GAR) reporting, where applicable, we have added the eligible Green Residential Buildings portfolio from Germany (ING DiBa-AG) to the Eligible Green Loan Portfolio (previously we only included the Cover Pool of the Covered Bond Programme). Altogether, we show an **EUT alignment percentage** based on ING Groep's 2023 GAR reporting.

This Green Bond Allocation Report 2023 reflects the allocation and reporting requirements as stated in the ING Green Bond Framework 2022.

In Q3 of 2024, we aim to update our Green Bond Framework to a Global Green Funding Framework, where applicable, take into account the latest market & regulatory standards.

## Allocation Reporting YE2023

- Since the publication of the Green Bond Framework in 2015 and the first allocation report in 2016, our Eligible Green Loan Portfolio grew from €1.31 bln to €52.17 bln.
- With the publication of ING's Green Asset Ratio (GAR) in the EY2023 Annual Report, the Green Residential Buildings Portfolio in this report are part of the EUT-aligned asset pool in ING's GAR reporting. For more information, please see [2023 ING Groep N.V. annual report](#).
- Per YE2023, the green funding instruments outstanding consist of i) €7.7 bln green bonds outstanding issued by ING Groep NV, ii) €3.25 bln green covered bonds outstanding issued from ING DiBa-AG and iii) to outstanding from other green funding instruments (e.g., Deposits & Green RMBS).
- In 3Q2023, ING issued a Green RMBS (Green Lion 2023-1), which has now been included in the Allocation Report.
- Other green liability products are also included, such as green deposits, and green retail notes.
- Please refer to the next pages for more detailed information.



# ING Group Green Bond Allocation Report

31 December 2023

## Portfolio Approach

Eligible Green Loan Portfolio				Green Funding <sup>2</sup>				
	Country	Number of addresses	Amount (€ mln) <sup>1</sup>	Instruments (ISIN)	Issuance date	Due date (Call date)	Amount (€ mln)	
<b>Green Residential Buildings</b>			<b>183,457</b>	<b>41,870</b>	<b>ING Group NV</b>			
ING Bank NV	Netherlands	84,858	22,494	XS1909186451	Nov-18	Nov-30	1,500	
ING DiBa	Germany	98,599	19,375	USN4580HAA51/ US4568NAA46	Nov-18	Nov-26	1,131 <sup>3a</sup>	
				XS1927765468	Dec-18	Dec-30	69	
				XS1968711876	Mar-19	Mar-29	138	
				USN4580HAC18 US456837AU72	Jul-20	Jul-26 (Jul-25)	905 <sup>3a</sup>	
				XS2305598216	Feb-21	Dec-28 (Dec-27)	921 <sup>3b</sup>	
				XS2350756446	Jun-21	Jun-32 (Mar-27)	500	
				XS2483607474	May-22	May-26 (May-25)	1,500	
				XS2524746687	Aug-22	Aug-33 (May-28)	1,000	
				<b>Total</b>			<b>7,664</b>	
<b>Green Commercial Buildings</b>			<b>15,926</b>	<b>4,048</b>	<b>ING DiBa-AG</b>			
ING Bank NV	Netherlands	15,926	4,048	DE000A1KRJV6	Oct-21	Oct-28	1,250	
				DE000A2YNWB9	Sep-22	Sep-30	1,000	
				DE000A2YNWC7	Nov-23	Feb-28	1,000	
				<b>Total</b>			<b>3,250</b>	
<b>Renewable Energy</b>			<b>227</b>	<b>6,250</b>	<b>Groenbank</b>			
Wind	Global	114	3,074	Retail note: XS2596308432	Nov-23	Nov-24	76	
Solar	Global	113	3,175	Retail note: XS2724456566	Nov-23	Dec-24	47	
				Green savings deposit			1,416	
				<b>ING Bank NV</b>				
				Green Deposits			312	
				<b>ING DiBa-AG</b>				
				Girokonto Future			91	
				<b>Total</b>			<b>12,856</b>	
				<i>Of which ING DiBa Covered Bonds eligible assets<sup>2</sup></i>			<i>4,443</i>	
				<i>Of which ING Group Green Funding eligible assets<sup>2</sup></i>			<i>48,918</i>	
				<i>Of which ING DiBa Covered Bonds</i>			<i>3,250</i>	
				<i>Of which ING Group Unsecured Bonds</i>			<i>7,664</i>	

## Bond By Bond Approach – Residential Mortgage-Backed Security (RMBS)

Eligible Green Loan Portfolio Green Lion <sup>4</sup>			Green Funding <sup>4</sup>			
	Number of buildings	Amount (€ mln)	Instrument (ISIN)	Issuance date	Due date	Amount (€ mln)
<b>Green Residential Buildings</b>			<b>Green Lion 2023-1<sup>4a</sup></b>			
Green Lion 2023	2,696	894.3	Class A notes: XS2657796038	Oct-23	Jul-28	850
			Class B notes: XS2657796541	Oct-23	Jul-28	44.8
			<b>Total<sup>4b</sup></b>			<b>894.8</b>

Please refer to the methodology section, for the description of the approach.

# ING Group Green Bond Allocation Report

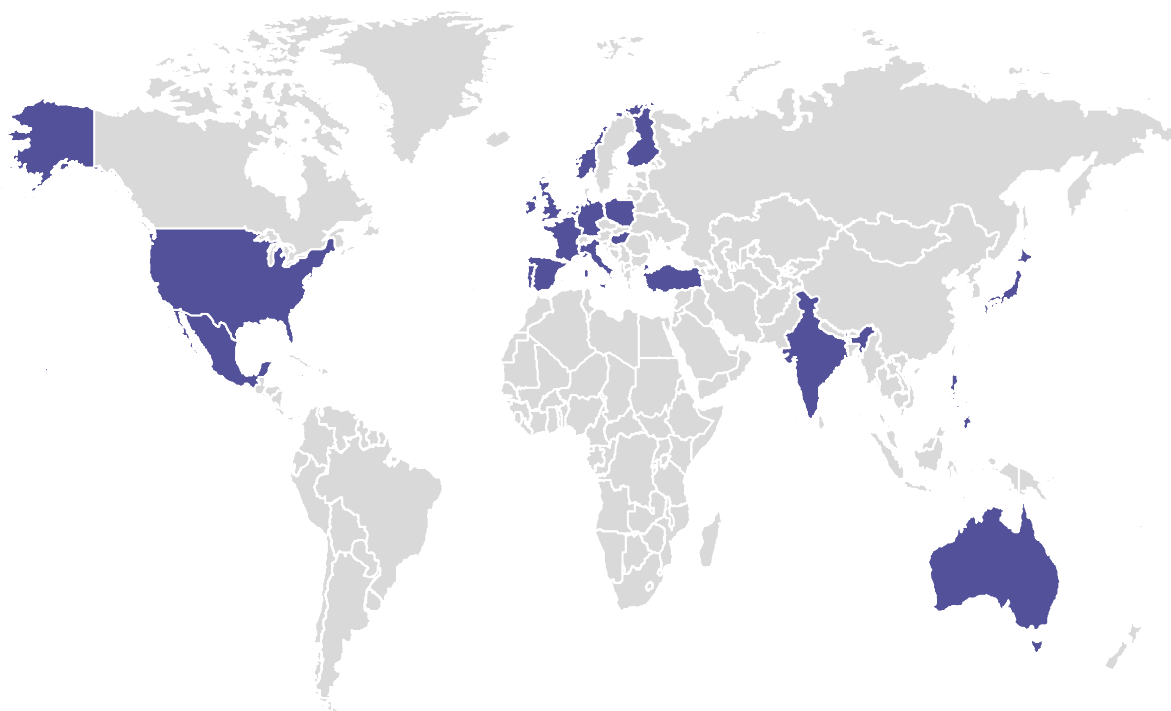
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## Additional Information

Portfolio Approach - Additional Information	
Information	%
EU Taxonomy alignment <sup>5</sup>	80%
Eligible Green Loan Portfolio - allocated	25%
Eligible Green Loan Portfolio - unallocated	75%
Net proceeds of Green Funding allocated to Eligible Green Loan Portfolio	100%
Eligible DiBa Covered Bond assets allocated for ING DiBa Green Covered Bonds	73%
Eligible Green Loan Portfolio allocated for ING Group Green Unsecured Bonds	15%
Percentage of Eligible Green Loan Portfolio allocated for other ING Group Green Funding Instruments	4%

Newly added loans to the portfolio <sup>6</sup>		
	% of (sub)-portfolio	Amount (€ mln) <sup>7</sup>
<b>Green Residential Buildings</b>		
ING Bank NV	9%	1,912
of which transferred to Green Lion 2023-1 (Green Lion Portfolio)	18%	160
ING DiBa Covered Bond Programme	20%	867
<b>Green Commercial Buildings</b>		
ING Bank NV	9%	344
<b>Renewable Energy</b>		
Wind & Solar	15%	952

## Eligible Green Loan Portfolio – Asset locations



Please refer to the methodology section, for the description of the approach.

# ING Group Green Bond Allocation Report

31 December 2023

## Methodology

1. These Amounts represent the 31 December 2023 Total Outstanding to loans that ING has identified as Eligible Green Loans in accordance with the ING Green Bond Framework 2022. KPMG's Limited Assurance Report in relation to the Eligible Green Loan Portfolio and respective disclosed Amounts, is included on the following pages.
2. ING DiBa-AG Covered Bonds and Girokonto Future are allocated towards Green Residential Buildings situated within the entity (ING DiBa-AG). The asset portfolio of Girokonto Future consist of other sustainable asset financing in addition to the ING Green Bond Eligible Green Loan Portfolio - of which are defined in accordance with the Girokonto Future's asset eligibility criteria ([Girokonto Future Einlagenverwendung Nachhaltigkeitskriterien - ING](#)). Green Covered Bonds will be allocated to assets within the Covered Bond Cover Pool. Green Unsecured Bonds are allocated to all Use of Proceeds categories respectively (minus any Green Residential Buildings already allocated to Green Covered Bonds). In addition, for Unsecured Green Bonds, ING may allocate towards Eligible Green Loans situated within its subsidiaries as per the guidance laid out in the ICMA Guidance Handbook November 2023 regarding pledged assets <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/The-Principles-Guidance-Handbook-November-2023-291123.pdf>
3. Currencies exchange
  - a) € equivalent amount (Exchange rate of 31 December 2023: \$1 = €0.905)
  - b) € equivalent amount (Exchange rate of 31 December 2023: £1 = €1.151)
4. Green Lion 2023 is a Residential Mortgage-Backed Security issued by Green Lion 2023-1 B.V. (SPV of ING). The secured Green Collateralised Notes utilises the "**bond-by-bond approach**". On the Closing Date, the net proceeds of the issuance of the Secured Green Collateralised Notes by the Issuer will be exclusively applied to refinance, by way of purchase by the Issuer from the Seller - ING Bank N.V. (as originator), Mortgage Receivables forming part of the Initial Portfolio that meet, among other things, the Green Eligibility Criteria as at the **initial Cut-Off Date 31 August 2023**. The allocation of the proceeds of the secured green collateralised notes are shown in this report. For more information, the SPO of Green Lion 2023-1 and the monthly reporting can be found [here](#).
  - a) Only Class A notes are publicly offered.
  - b) Please note that the outstanding amount of green collateralised notes do not exactly match the Green Lion Eligible Green Loan Portfolio. The difference is due to rounding of the notes on € 100k integrals and due to cash put in a ringfenced account that can only be used to purchase new mortgage receivables according to the (green) eligibility criteria from the seller ING Bank N.V.
5. EU Taxonomy alignment: ING published the first Green Asset Ratio (GAR) consisting of EUT aligned assets in the [2023 ING Groep N.V. annual report](#). The residential buildings (ING DiBa-AG & ING Bank N.V.) reported in this allocation report are in line with ING Groep's YE2023 GAR reporting. The entire Renewable Energy portfolio has not been included in the EUT alignment number indicated above, since this portfolio is not in scope of ING Groep's GAR assessment as it does not meet all the criteria for GAR aligned assets, including NFRD criteria. For additional reference, ING has appointed ISS-ESG as the Second Party Opinion Provider (SPO) to assess the EUT alignment of all categories in the Framework, please refer to the [SPO](#) for further information. The EUT alignment percentage is not a commitment, and may decrease or otherwise change in the future due to the change in portfolio structure, regulatory developments or otherwise at ING's discretion. There is no guarantee that ING's current or future GAR percentage, its products or services will meet applicable ESG-related regulatory requirements, customer preferences or investor expectations. Each stakeholder shall conduct its own due diligence and assessment of the ESG-related criteria for their portfolios and/or for the purposes of their disclosure requirements. In terms of further information on GAR, please refer to our Annual Report.
6. Newly added loans to the portfolio were determined based on origination dates of new loans (Renewable Energy) or estimated based on mortgage signing dates (in 2023) and portfolio weights of sustainable mortgages (Green Buildings).





## **Limited assurance report of the independent auditor on the Eligible Green Loan Portfolio and Eligible Green Loan Portfolio Green Lion**

To: the Executive Board of ING Groep N.V and the holders of Green Bonds issued by ING Groep N.V.

### **Our conclusion**

We have performed a limited assurance engagement on the Eligible Green Loan Portfolio and Eligible Green Loan Portfolio Green Lion in the ING Green Bond Allocation Report 2023 (hereafter 'the information in the Report') of ING Groep N.V. based in Amsterdam.

Based on the procedures performed nothing has come to our attention that causes us to believe that the information in the Report is not prepared, in all material respects, in accordance with the applicable criteria as included in the section 'Criteria'.

### **Basis for our conclusion**

We performed our limited assurance engagement on the sustainability information in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten) (assurance engagements other than audits or reviews of historical financial information (attestation engagements)). This engagement is aimed to obtain limited assurance. Our responsibilities under this standard are further described in the section 'Our responsibilities for the assurance engagement on the information in the Report' section of our report.

We are independent of ING Groep N.V in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### **Criteria**

The criteria applied for the preparation of the information in the Report are described in the ING Green Bond Framework 2022 as referred to in the ING Green Bond Allocation Report 2023. ING Groep N.V. is solely responsible for selecting and applying these criteria, taking into account applicable law and regulations related to reporting.

The comparability of information between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

Consequently, the information needs to be read and understood together with the criteria applied.



## **Materiality**

Based on our professional judgement we determined materiality levels for each relevant category of the Eligible Green Loan Portfolio and Eligible Green Loan Portfolio Green Lion.

## **Responsibilities of the Executive Board for the information in the Report**

The Executive Board is responsible for the preparation and fair presentation of the ING Green Bond Allocation Report 2023 in accordance with the criteria as included in the section 'Criteria'. The Executive Board is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of stakeholders, considering applicable law and regulations related to reporting.

Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the ING Green Bond Allocation Report 2023 that is free from material misstatement, whether due to fraud or error.

## **Our responsibilities for the assurance engagement on the information in the Report**

Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Our assurance engagement is aimed to obtain a limited level of assurance to determine the plausibility of information. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance that is obtained when a reasonable assurance engagement is performed.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our assurance engagement included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, and the characteristics of ING Groep N.V.;
- Reviewing the second opinion from ISS ESG which addresses the applicability of the criteria used in the preparation of the information in the Report.
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures in the information in the Report.

- Obtaining through inquiries a general an understanding of the internal control environment, the reporting processes, the information systems and the entity’s risk assessment process relevant to the preparation of the information, without testing the operating effectiveness of controls;
- Identifying areas of the information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the information responsive to this risk analysis. These procedures consisted amongst others of:
  - Obtaining inquiries from management in treasury and finance departments at corporate level responsible for Green Bond management and reporting;
  - Obtaining inquiries from relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the information;
  - Obtaining assurance evidence that the information reconciles with underlying records of the company;
  - Reviewing, on a limited test basis, relevant internal and external documentation;
- Reading the information in the ING Green Bond Allocation Report 2023 which is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the information in the Report.

Amstelveen, 5 June 2024

KPMG Accountants N.V.

T.P.D. Helsloot RA

Director