

29 July 2021
Credit Strategy

Euro Credit Supply

A very slow July

Supply for July (€bn)

	Corporates	Financials
July	8.8	4.4

Source: ING, Dealogic

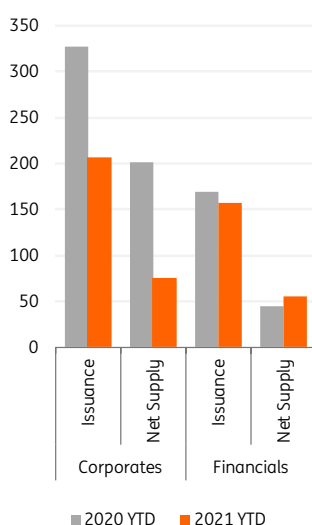
Supply FY and YTD (€bn)

Corporates	FY	YTD
2015	276	188
2016	308	191
2017	324	214
2018	282	169
2019	393	217
2020	442	324
2021	207	207

Financials	FY	YTD
2015	257	173
2016	235	178
2017	226	149
2018	226	154
2019	269	168
2020	232	168
2021	158	158

Source: ING, Dealogic

Supply and Net Supply YTD



Source: ING, Dealogic



Corporate supply only amounts to €8.8bn, leaving negative net supply

- Primary markets were very quiet in July, with corporate supply amounting to no more than €8.8bn. This is substantially lower than the average €20bn normally pencilled in during July. In fact, this figure is more in line with supply generally seen in August. This is due to the large amount of pre-financing done in the first half of the year. Gross purchases were negative in July as redemptions totalled €12.4bn, leaving -€2.2bn in gross purchases. This is a historically low gross purchases for July. As a result of low supply in July, we may struggle to reach €350bn by the end of the year, however, we still expect it to be a sizeable amount of €320bn-€330bn.
- There was no corporate hybrid supply in July, but the YTD total stands at €24bn. We still expect hybrids to remain a popular issue, and still expect hybrid supply to approach the €50bn mark by the end of the year. Corporate Reverse Yankee supply was also zero in July. On a YTD basis, Reverse Yankee supply is sitting at €26bn. USD spreads have widened out notably. This is mainly due to the comparative lack of direct support from the Fed relative to the ECB's corporate bond purchases under CSPP and PEPP. Furthermore, the tapering talk is coming to the forefront in the US. Widening was rather notable in HY, driven by the Energy sector. The USD EUR spread differential widens in both the 5yr and 10yr areas of the curve. This opens up more cost-saving advantages for US corporates to issue in Euro. If this continues post summer, we will likely see an increase in Reverse Yankee supply.

Financial supply also very quiet as just €4.4bn in July

- Similarly, financial supply was very quiet in July. Supply amounted to just €4.4bn, down considerably from the €15bn July average of the past few years. This is the lowest month for supply since December 2020. Financial redemptions were just €8.3bn in July, however, gross supply remains negative at -€3.8bn.
- Covered bond supply pencilled in €4bn in July, up on just €1bn in July 2020. Covered bond supply on a YTD basis is sitting at €53bn. It is still down 30% compared to the €76bn supplied last year on a YTD basis. This year Covered bond supply has by far been impacted the most by the drawing of cheap central bank funds through the TLTRO-III operations. For that reason and considering the meagre €48bn seen this year, we have decided to reduce our year end estimates from €100bn to €80bn.
- The same can be said for bank supply, especially for preferred senior, while bail-in senior bond supply is less impacted by the TLTRO-III operations as it serves for the purpose of meeting bail-in buffer requirements. We forecast that bail-in senior supply will likely end the year higher than initially anticipated at €95bn. We still expect €53bn for preferred senior unsecured supply. We also still expect that bank capital supply will amount to €32bn. All in all, we lower our bank supply estimates for the whole year 2021 from €270bn to €260bn.

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Fig 1 Euro corporate supply overview (€bn)

	2017	2018	2019	2020	2020 Jul	2021 Jun	2021 Jul	2020 YTD	2021 YTD	% diff
Auto	57	53	55	39	0	4	2	27	24	-10%
Consumer	41	25	37	67	3	5	-	52	21	-59%
Healthcare	21	36	52	39	6	-	-	28	8	-71%
Industrial & Chemicals	55	36	56	73	2	4	1	56	32	-42%
Real Estate	26	28	32	39	3	9	2	22	39	75%
TMT	49	42	74	67	3	2	2	56	27	-52%
Utility	58	44	59	99	5	10	1	71	44	-39%
Others	17	19	28	18	1	2	1	13	12	-2%
Corporate Hybrid	13	19	22	42	1	2	0	18	24	35%

Source: ING, Dealogic

Fig 2 Euro financial supply overview (€bn)

	2017	2018	2019	2020	2020 Jul	2021 Jun	2021 Jul	2020 YTD	2021 YTD	% diff
Bank Senior	144	165	174	138	7	9	2	104	88	-15%
of which Bail-in	65	60	82	77	1	6	2	56	42	-26%
of which Pref	79	105	92	62	6	3	1	48	46	-3%
Bank Capital	38	21	31	40	3	5	0	26	23	-10%
Finance	31	27	41	34	1	6	1	24	34	39%
Insurance	12	12	22	21	2	3	0	14	12	-11%
Covered	129	150	151	101	1	9	4	76	53	-30%

Note: Dealogic sorts some Banks into the Financial Services sector

Source: ING, Dealogic

Fig 3 Euro corporate supply and net supply by month (€bn)

Issuance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	30.2	26.6	42.7	7.5	45.5	44.5	17.2	9.9	31.3	18.8	42.2	8.0	324.3
2018	26.6	17.4	36.2	22.3	31.6	26.0	13.8	17.7	36.4	18.1	30.4	5.4	281.9
2019	34.3	30.9	36.5	17.2	36.9	42.9	22.1	22.9	58.2	39.8	42.4	8.5	392.7
2020	28.7	35.4	49.1	66.3	62.6	62.9	21.8	6.4	49.6	28.7	21.7	8.7	441.8
2021	33.2	28.4	44.7	19.7	35.6	36.9	8.8						207.1
Net Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	13.5	10.9	25.3	-4.5	30.5	25.5	10.6	5.6	18.2	3.7	30.2	-0.5	169.0
2018	14.0	-3.4	21.4	9.0	17.6	11.7	2.1	11.1	28.1	2.4	12.7	-2.5	124.1
2019	16.4	18.3	14.1	3.7	26.0	29.1	4.3	18.9	38.8	30.3	22.6	-1.5	221.0
2020	7.4	27.2	18.8	49.6	41.1	52.6	5.0	-1.8	29.3	13.4	-3.7	-1.6	237.1
Redemptions	22.2	16.0	30.9	16.2	17.6	18.4	12.4	9.7	19.8	17.7	19.4	14.1	214.4
2021	11.0	12.4	13.8	3.5	18.0	18.5	-2.1						75.0

Redemptions shown for 2021 only

Source: ING, Dealogic

Fig 4 Euro financial supply and net supply by month (€bn)

Issuance	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	35.7	17.1	27.9	17.6	30.4	13.0	7.2	12.1	26.3	13.9	21.0	4.0	226.0
2018	27.4	20.8	33.7	22.0	13.1	11.5	25.4	20.5	24.6	6.4	19.3	1.2	225.8
2019	27.6	25.7	21.9	26.0	18.9	33.7	14.5	14.5	27.0	25.2	28.5	5.2	268.7
2020	45.4	18.6	14.7	24.3	24.8	27.9	13.2	8.7	13.2	16.6	22.5	2.6	232.3
2021	25.7	32.4	28.5	15.0	29.4	22.5	4.4						157.9
Net Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2017	-9.3	-8.0	-5.3	0.6	4.4	-6.0	-12.5	-0.8	-0.1	-9.7	7.5	-4.7	-43.8
2018	-0.5	1.0	7.5	5.6	-3.6	-3.7	15.0	16.1	13.0	-5.0	7.0	-7.9	44.5
2019	5.3	12.5	0.2	6.0	0.3	18.5	3.9	2.2	5.9	10.6	15.8	-1.0	80.1
2020	21.2	-1.0	-2.6	9.6	14.5	6.7	-3.5	-3.1	-3.5	11.3	0.2	-8.7	41.1
Redemptions	21.3	14.9	19.7	15.0	9.8	13.3	8.3	5.6	26.1	10.6	15.2	9.3	169.1
2021	4.4	17.4	8.8	0.0	19.7	9.2	-3.8						55.6

Covered Bonds excluded from aggregate throughout

Redemptions shown for 2021

Source: ING, Dealogic

Fig 5 Corporate supply and redemptions by month, 2021 (€bn)

Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Autos	4.5	1.7	6.1	1.0	5.0	3.5	2.4						24.1
Consumer	0.8	1.2	5.7	6.9	1.5	5.2	0.0						21.1
Healthcare	4.0	0.7	2.7	0.0	0.8	0.0	0.0						8.1
Industrial	4.8	4.1	5.7	6.7	5.5	4.2	1.4						32.5
Real Estate	8.7	4.9	5.0	0.5	8.7	8.8	2.0						38.7
TMT	0.8	7.9	9.2	2.3	2.1	2.4	1.9						26.5
Utility	7.4	7.5	9.0	1.0	7.8	10.3	0.6						43.7
Others	2.3	0.5	1.4	1.3	4.2	2.4	0.5						12.5
Redemptions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Autos	3.7	2.7	4.0	3.0	2.4	2.3	3.0	3.0	4.4	1.4	2.4	2.1	34.2
Consumer	2.5	3.7	3.0	2.6	1.6	1.0	1.2	1.2	3.6	3.1	3.9	0.1	27.5
Healthcare	1.1	0.0	5.3	0.8	0.6	3.4	0.1	0.6	2.5	1.0	2.1	0.2	17.5
Industrial	1.5	3.2	4.1	3.8	4.0	5.6	1.6	0.1	1.9	3.6	1.9	3.4	34.7
Real Estate	0.1	1.8	1.3	1.0	2.2	0.8	0.9	0.0	0.5	0.9	1.4	0.9	11.8
TMT	5.6	1.3	6.6	1.1	4.8	1.2	2.6	1.3	5.6	1.9	3.4	5.1	40.3
Utility	6.4	3.1	5.9	2.9	1.3	1.7	2.9	3.5	1.3	4.1	2.9	0.9	36.8
Others	1.2	0.4	0.9	1.1	0.8	2.6	0.1	0.1	0.0	1.9	1.4	1.4	11.6

Source: ING, Dealogic

Fig 6 Financial supply and redemptions by month, 2021 (€bn)

Supply	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Bank Senior	14.2	21.4	16.3	10.2	14.6	8.7	2.5						88.0
of which NPS	7.0	12.6	4.1	4.3	6.3	5.6	1.8						41.6
of which Pref	7.2	8.9	12.2	6.0	8.3	3.1	0.7						46.4
Bank Capital	4.0	1.5	5.0	1.8	5.7	5.0	0.2						23.2
Finance	5.9	8.2	4.6	2.2	6.1	5.6	1.2						33.7
Insurance	1.5	1.0	2.6	0.8	3.1	3.3	0.1						12.3
Covered	13.5	2.2	7.4	8.5	8.4	8.6	4.3						53.0
Redemptions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Bank Senior	17.8	13.1	16.9	12.2	6.0	8.4	6.9	5.0	22.9	8.3	11.5	6.7	135.9
of which NPS	2.0	1.5	1.5	0.0	1.0	0.8	0.5	0.0	0.6	1.8	1.8	2.1	13.5
of which Pref	15.9	11.6	15.4	12.2	5.0	7.7	6.4	5.0	22.3	6.5	9.7	4.6	122.4
Bank Capital	1.3	3.5	1.8	0.9	6.6	3.5	1.0	0.0	4.5	1.3	0.3	0.6	25.1
Finance	3.5	1.0	2.6	2.7	2.2	2.7	1.4	0.2	1.9	1.5	2.9	1.9	24.3
Insurance	0.0	0.9	0.3	0.1	0.1	1.6	0.0	0.4	1.3	0.0	0.8	0.7	6.1
Covered	26.2	13.8	14.7	22.6	10.1	7.3	6.2	4.8	10.6	13.2	11.9	1.1	142.6

Source: ING, Dealogic

Fig 7 Euro supply, redemptions and net supply by year (€bn)

Corporates	YTD	FY	Reds	Net	Financials	YTD	FY	Reds	Net
2010	81.4	131.4	93.6	37.8	2010	208.2	319.3	351.4	-32.1
2011	70.6	109.2	107.5	1.7	2011	172.1	204.8	387.2	-182.4
2012	119.9	222.1	111.0	111.1	2012	122.5	201.7	412.0	-210.3
2013	136.2	235.7	141.2	94.4	2013	118.1	204.5	341.0	-136.5
2014	157.1	267.7	165.7	102.1	2014	182.5	266.5	322.7	-56.2
2015	187.7	276.3	122.2	154.1	2015	172.8	257.4	320.0	-62.6
2016	190.6	308.0	144.5	163.5	2016	177.7	235.2	262.0	-26.9
2017	214.1	324.3	155.3	169.0	2017	148.8	226.0	269.8	-43.8
2018	168.7	281.9	157.8	124.1	2018	153.7	225.8	181.3	44.5
2019	216.8	392.7	171.8	221.0	2019	168.3	268.7	188.6	80.1
2020	324.2	441.8	204.7	237.1	2020	168.0	232.3	191.2	41.1
2021	207.1	207.1	214.4	2021	157.9	157.9	169.1		
2022			223.3		2022			210.4	
2023			237.2		2023			176.9	

Source: ING, Dealogic

Fig 8 Subordinated supply, 2020 and 2021 (€bn)

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
AT1	2.8	2.8	0.0	0.0	0.7	2.9	2.9	1.8	0.7	2.1	1.0	0.0	17.6
T2	4.8	1.0	0.0	0.0	4.3	2.5	0.5	0.5	2.7	1.5	1.8	0.4	19.9
Bank Capital	7.6	3.8	0.0	0.0	4.9	5.4	3.4	2.3	3.4	3.6	2.8	0.4	37.4
Corp Hybrids	2.2	3.5	0.0	0.0	0.8	10.4	1.0	4.8	5.5	10.2	2.6	1.2	42.2
2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
AT1	0.8	0.2	0.5	0.8	2.3	1.9	0.1						6.4
T2	1.8	0.8	4.5	1.1	3.5	2.8	0.1						14.4
Bank Capital	2.5	1.0	5.0	1.8	5.7	4.6	0.2						20.8
Corp Hybrids	6.9	4.2	4.2	1.9	4.7	2.0	0.3						24.1

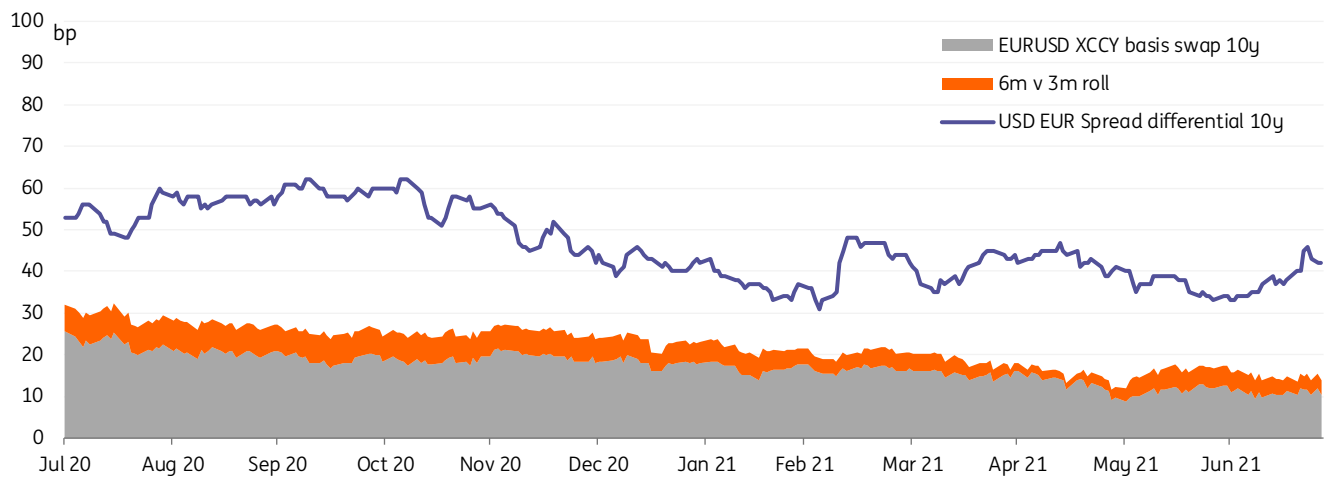
Source: ING, Dealogic

Fig 9 Reverse Yankee supply, 2020 and 2021 (€bn)

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Corporate	4.9	15.0	6.8	5.9	7.8	9.8	0.1	0.0	13.6	3.3	0.0	0.4	67.4
Financial	4.0	3.2	6.0	4.8	0.0	4.7	0.0	0.0	0.0	0.1	0.3	0.4	23.5
Total	8.9	18.1	12.8	10.7	7.8	14.5	0.1	0.0	13.6	3.5	0.3	0.8	90.9
2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Corporate	1.5	5.2	11.7	2.8	4.5	0.1	0.0						25.8
Financial	2.4	3.6	3.8	5.3	4.6	0.6	0.6						20.8
Total	3.9	8.8	15.5	8.1	9.1	0.6	0.6						46.5

Source: ING, Dealogic

Fig 10 Cross currency basis swap and USD EUR spread differential



Source: ING, ICE, Refinitiv

Fig 11 European, Yankee and Reverse Yankee supply (€bn)

Corporates	European	Yankee (US\$)	Rev Yankee	Financials	European	Yankee (US\$)	Rev Yankee
2010	100.9	70.9	9.0	2010	238.7	118.5	18.1
2011	85.6	93.0	6.4	2011	165.9	89.3	5.7
2012	158.8	140.6	16.6	2012	156.2	57.9	7.5
2013	154.6	113.8	32.5	2013	144.9	77.9	14.4
2014	159.4	114.1	42.9	2014	174.0	126.2	32.3
2015	149.3	109.7	62.1	2015	145.7	129.6	28.7
2016	181.9	116.1	65.9	2016	134.0	116.4	45.2
2017	193.8	107.4	63.8	2017	131.3	116.0	34.5
2018	181.2	139.6	31.6	2018	127.1	143.2	17.6
2019	238.1	97.1	99.3	2019	175.6	98.1	28.9
2020	283.4	118.1	68.3	2020	150.5	125.8	23.0
2021 YTD	121.6	55.8	25.8	2021 YTD	82.9	88.5	20.8

Source: ING

Fig 12 ESG supply per month 2021 (€bn)

Corporate	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Green	3.6	5.4	7.9	1.2	7.4	5.1	1.7						32.3
Social	0.0	0.0	0.2	0.0	2.0	1.0	0.0						3.2
Sustainable	0.0	1.0	0.5	0.6	0.0	0.0	0.0						2.1
ESG	3.6	6.4	8.5	1.8	9.4	6.1	1.7						37.5
Financial	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
Green	0.5	4.8	5.1	1.6	4.3	7.9	1.8						26.0
Social	1.3	1.0	0.5	0.0	1.0	0.8	0.0						4.5
Sustainable	0.8	0.0	2.1	0.0	0.5	0.5	0.1						3.9
ESG	2.5	5.8	7.7	1.6	5.8	9.2	1.9						34.4
Covered	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Total
Green	1.5	0.0	1.0	0.0	1.5	0.8	0.0						4.8
Social	0.5	0.0	0.5	0.8	0.0	2.0	1.0						4.8
Sustainable	0.0	0.0	0.0	0.0	0.0	0.0	0.0						0.0
ESG	2.0	0.0	1.5	0.8	1.5	2.8	1.0						9.5

Source: ING, Dealogic

Fig 13 ESG supply per year and YTD (€bn)

Corporate	2017	2018	2019	2020	2021	2017 YTD	2018 YTD	2019 YTD	2020 YTD	2021 YTD
Green	17.9	12.2	29.4	34.9	32.3	8.2	8.1	17.6	21.6	32.3
Social	0.0	0.3	0.0	1.3	3.2	0.0	0.3	0.0	0.0	3.2
Sustainable	0.0	0.0	0.9	2.6	2.1	0.0	0.0	0.9	1.1	2.1
ESG	17.9	12.5	30.3	38.8	37.5	8.2	8.4	18.5	22.6	37.5
Financial	2017	2018	2019	2020	2021	2017 YTD	2018 YTD	2019 YTD	2020 YTD	2021 YTD
Green	8.4	12.9	21.8	17.9	26.0	2.0	5.3	12.0	8.9	26.0
Social	0.0	1.3	2.8	4.8	4.5	0.0	0.0	0.0	3.8	4.5
Sustainable	0.1	0.8	2.1	1.8	3.9	0.1	0.8	0.6	0.5	3.9
ESG	8.5	14.9	26.7	24.6	34.4	2.1	6.1	12.6	13.3	34.4
Covered	2017	2018	2019	2020	2021	2017 YTD	2018 YTD	2019 YTD	2020 YTD	2021 YTD
Green	1.0	4.5	4.5	5.1	4.8	0.5	3.0	1.5	3.6	4.8
Social	0.3	1.0	2.0	2.5	4.8	0.3	0.0	1.5	2.5	4.8
Sustainable	0.0	0.5	0.0	0.6	0.0	0.0	0.5	0.0	0.5	0.0
ESG	1.3	6.0	6.5	8.2	9.5	0.8	3.5	3.0	6.6	9.5

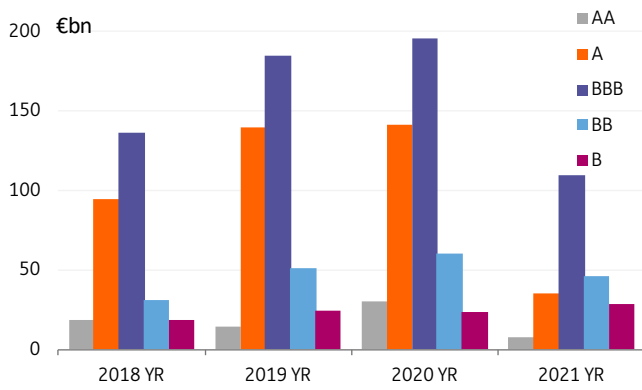
Source: ING, Dealogic

Fig 14 Investment grade issuance by maturity, 2020 and 2021 (US\$bn)

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020
Corp 0-3yr	1.8	4.4	1.7	2.3	6.3	4.6	0.4	0.7	4.0	0.8	1.8	0.4	29.2
Corp 3-6yr	5.5	3.0	11.9	20.4	9.3	9.3	4.1	0.3	8.3	2.0	2.3	2.1	78.6
Corp 6-9yr	11.5	12.1	16.5	19.6	23.8	13.9	9.3	0.7	15.2	7.9	7.0	1.6	139.0
Corp 9-12yr	5.3	4.0	9.0	12.9	10.2	11.8	2.5	0.0	8.2	2.6	4.7	1.3	72.4
Corp 12yrs+	4.7	11.8	10.0	11.1	13.0	23.3	5.5	4.8	13.8	15.3	5.9	3.4	122.5
Fin 0-3yr	2.9	3.6	0.6	2.2	2.9	2.3	0.6	0.2	0.9	1.2	0.9	0.2	18.4
Fin 3-6yr	8.3	2.7	6.0	11.2	9.6	6.6	1.3	1.0	2.3	2.6	4.1	0.1	55.8
Fin 6-9yr	20.6	6.6	6.0	7.3	4.4	6.1	5.2	4.1	4.6	4.7	6.8	2.0	78.3
Fin 9-12yr	7.4	2.6	1.9	3.8	5.4	4.6	2.8	0.5	3.0	3.8	6.4	0.8	42.9
Fin 12yrs+	6.2	3.2	0.2	0.0	2.6	8.3	3.4	2.9	2.4	4.3	4.3	0.0	37.6
2021	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Corp 0-3yr	3.1	1.4	1.1	1.2	2.0	2.4	0.9						12.0
Corp 3-6yr	3.9	2.9	7.6	2.8	7.4	6.4	0.9						31.9
Corp 6-9yr	8.8	9.2	13.3	5.5	13.3	13.0	3.2						66.3
Corp 9-12yr	6.9	6.0	8.9	2.0	5.4	4.1	2.7						36.0
Corp 12yrs+	10.5	8.8	13.8	8.2	7.6	11.0	1.1						60.9
Fin 0-3yr	1.0	0.8	0.4	4.9	1.4	2.0	0.5						11.0
Fin 3-6yr	3.3	5.9	8.0	1.8	5.7	2.4	0.4						27.4
Fin 6-9yr	7.5	12.0	5.7	5.1	8.8	9.9	2.3						51.2
Fin 9-12yr	9.3	9.9	8.3	1.7	8.6	3.3	0.6						41.7
Fin 12yrs+	4.6	3.7	6.1	1.5	5.1	5.0	0.7						26.8

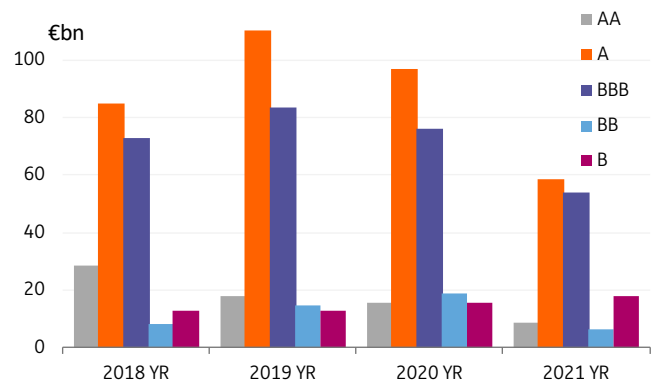
Source: ING, Dealogic

Fig 15 Corporate supply per S&P rating (€bn)



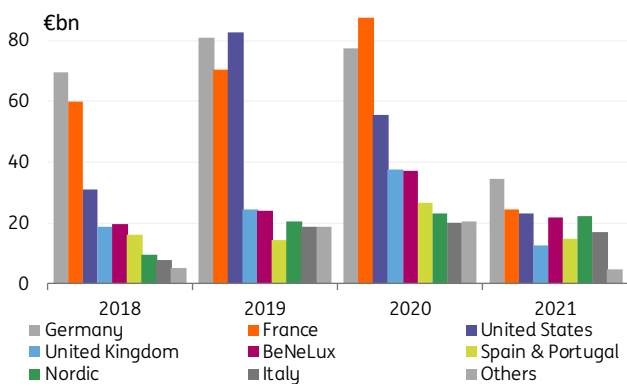
Source: ING, Dealogic

Fig 16 Financial supply per S&P rating (€bn)



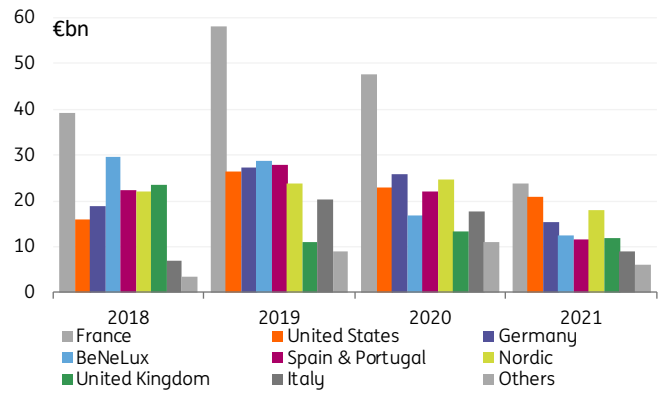
Source: ING, Dealogic

Fig 17 Corporate supply per country (€bn)



Source: ING, Dealogic

Fig 18 Financial supply per country (€bn)



Source: ING, Dealogic

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