

ING Bank

Issuer View • 14. Mai 2024

Authors: Dr Frederik Kunze // Lukas Kühne

Ratings

ING Bank NV

	Rating	Outlook
Fitch	AA-	Stable
Moody's	A1	Stable
S&P	A+	Stable

Homepage

www.ing.com

ING Bank N.V. is a wholly owned subsidiary of ING Groep N.V. and one of Europe's leading universal banks headquartered in Amsterdam. We are focusing on the financial data of ING Groep due to the extremely high relevance of the bank for the Group. The ING Groep has around 60,000 employees and serves more than 38 million private and business customers in over 40 countries. The private customer business is focused on Europe and Australia, while the business customer segment also includes the USA and large parts of Asia. The Group's shares are listed in Amsterdam, Brussels and as ADR's in New York. ING has been categorised by the Financial Stability Board as a "Global Systemically Important Bank" (G-SIB; additional capital buffer of: 1.0%). Among the bank's various markets, a distinction is made between "Market Leaders" (Netherlands, Belgium and Luxembourg), "Challengers" (Germany, Spain, Italy and Australia) and "Growth Markets" (Poland, Romania and Turkey) as well as Wholesale Banking. On 2 March 2022, it was decided to no longer enter into new business with Russian companies due to the Russian attack on Ukraine. The segments "Retail Banking" (67% of the pre-tax result), "Wholesale Banking" (31%) and "Corporate Line" (2%) are reported. As at Q1/2024, ING's loan portfolio was primarily retail-based with a share of 66%, whereby the focus of retail banking was on mortgage loans for residential property (63%). In order to achieve the long-term goal of climate neutrality of the loan portfolio (by 2050), the Bank's Green Bond Framework was adapted in 2022 and harmonised with the ICMA Green Bond Principles. The focus here is particularly on refinancing renewable energies and sustainable building standards.

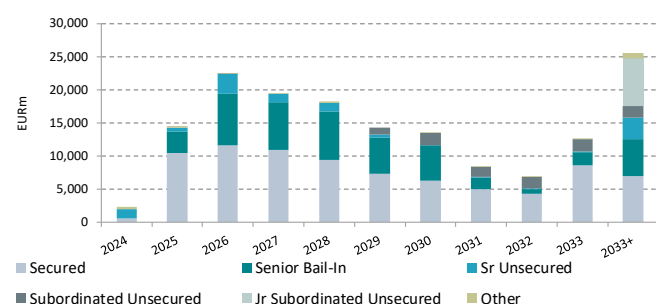
Balance Sheet

(EURm)	2022Y	2023Y	2024Q1
Net Loans to Customers	692,794	710,801	649,388
Total Securities	136,263	144,049	245,149
Total Deposits	691,026	707,343	-
Tier 1 Common Capital	47,961	46,856	47,922
Total Assets	967,817	975,583	1,029,859
Total Risk-weighted Assets	331,520	319,169	323,071

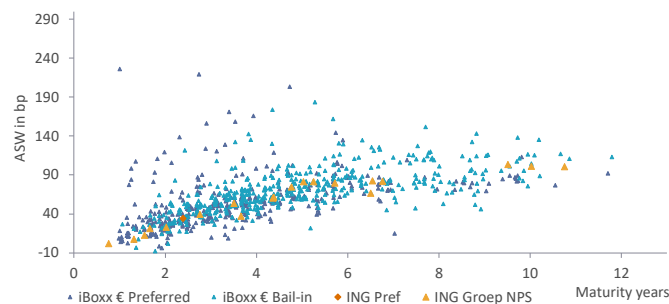
Income Statement

(EURm)	2022Y	2023Y	2024Q1
Net Interest Income	13,756	15,976	3,825
Net Fee & Commission Inc.	3,586	3,595	998
Net Trading Income	1,528	2,902	-
Operating Expense	10,794	11,280	3,028
Credit Commit. Impairment	1,861	520	258
Pre-tax Profit	5,502	10,492	2,293

Redemption Profile



Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2022Y	2023Y	2024Q1	2022Y	2023Y	2024Q1	
Net Interest Margin	1.38	1.61	1.55	Liquidity Coverage Ratio	134.22	143.00	146.00
ROAE	7.18	14.50	12.33	IFRS Tier 1 Leverage Ratio	5.14	4.94	-
Cost-to-Income	56.23	49.42	54.76	NPL/ Loans at Amortised Cost	1.78	1.80	1.85
Core Tier 1 Ratio	14.47	14.68	14.83	Reserves/Loans at Amort. Cost	0.93	0.87	0.88

As at 14.05.2024; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

Strengths / Opportunities

- Profitability
- Diversified loan portfolio
- Market position (retail) in Benelux countries

Risks / Weaknesses

- Exposure to cyclical sectors (wholesale)
- Economic outlook
- Framework for non-financial risks

Covered Bonds

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Outstanding covered bonds totaling EUR 22.4 billion.

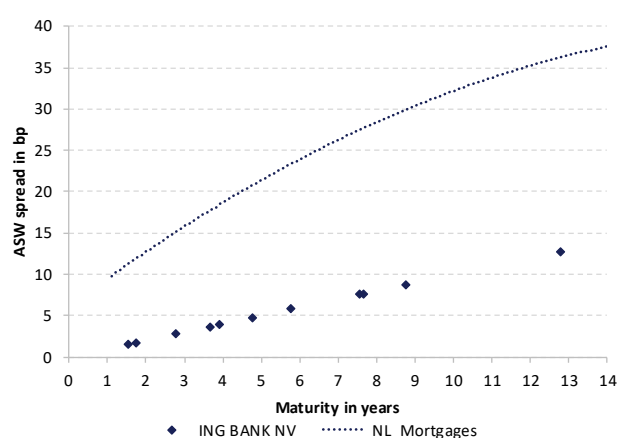
ING Bank issues EUR benchmarks as part of its "Hard and Soft Bullet Covered Bonds Programme". The mortgage cover pool had a total value of EUR 28.089bn as at the reporting date of 31 March 2024, compared to outstanding covered bonds of EUR 22.393bn as at the same date. This results in an overcollateralisation ratio of 25.4%, which is well above the statutory minimum requirement (legal OC: 5%). Voluntary overcollateralisation is correspondingly stated at 20.4%. ING Bank is represented with eleven bonds in the current composition of the iBoxx EUR Covered (May 2024). The corresponding outstanding volume can be put at EUR 16.75bn. The EUR benchmarks are all issued as soft bullet bonds.

Programme data

31 March 2024	Mortgage
Covered bonds outstanding	EUR 22,394m
Cover pool volume	EUR 28,089m
Current OC (nominal / legal)	25.4% / 5.0%
Type	100% Residential
Main country	100% Netherlands
Main region	23.2% Zuid-Holland
Number of mortgage loans	139,956
10 largest exposures	0.05%
Average loan size	EUR 198,116
NPL	0.0%
Fixed interest (Cover Pool / CBs)	94.2% / 93.3%
WAL (Cover Pool / CBs)	14.1y / 4.9y

Source: Issuer, rating agencies, Bloomberg, NORD/LB Floor Research

Spread overview (BMK) – Netherlands



Primary cover exclusively residential

The primary cover for the Bank's covered bond cover pool consists exclusively of senior owner-occupied Dutch residential mortgages. As at 31 March 2024, it did not contain any non-performing loans and had an average LTV ratio of 51.53% (indexed). The granularity of the cover pool is reflected in the number of mortgage loans (139,956) and the average loan size (EUR 198,116). The majority of the cover assets are located in the regions of Zuid-Holland (23.2%), Noord-Holland (20.7%), Brabant (12.2%) and Gelderland (12.0%). In relation to the previous term of the respective mortgage financing, the cover pool has a structure according to which the "loan seasoning" for 77.9% of the loans is stated as ">60 months". By contrast, the proportion of mortgage loans that have been outstanding for less than one year is comparatively low with 1.7%.

Rating and regulatory treatment

The EUR benchmarks of ING Bank each have the highest ratings from the rating agencies Moody's (Aaa), Fitch and Standard & Poor's (AAA in each case). The Moody's Collateral Score of 5% indicates a high quality of the cover assets, even by international standards. The covered bonds also benefit from a preferential risk weighting of 10% in accordance with the CRR. In our view, the EUR benchmark deals can also be used as Level 1 assets as part of LCR management. In addition, the eligibility as collateral in connection with the ECB Collateral Framework is given. The issuer can market the issues as European Covered Bond (Premium) in accordance with the European Covered Bond Directive and the Dutch legal framework.

Appendix

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Origination Corporates	+49 511 361-2911

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Covereds/SSA	+49 511 9818-8040
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Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9660
Frequent Issuers	+49 511 9818-9640

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Relationship Management

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