

Author: Dr Frederik Kunze

ING Groep N.V. (ING), which is the 100% parent of ING Bank, embodies the largest financial group in the Netherlands and is headquartered in Amsterdam. Its shares are listed in Amsterdam, Brussels and New York. The Financial Stability Board has classified ING Bank, as the only Dutch bank, as a G-SIB (additional capital requirement of 1.0%). We focus on ING Groep due to the high relevance of the bank for the group. Here, more than 57,000 employees serve over 38 million retail and corporate customers as well as financial institutions in more than 40 countries. ING divides its market segments into "Market Leaders" (Netherlands, Belgium, Luxembourg), "Challengers" (Germany, Austria, Czech Republic, Spain, Italy, France, Australia) and "Growth Markets" (Poland, Romania, Turkey, the Philippines and Asia) as well as globally operated wholesale banking. In this context, the geographical presence is subject to constant review. For example, ING is withdrawing from the Austrian and Czech retail banking markets by the end of 2021. The retail banking focus is reflected in a 68% share of the Total Income position (EUR 13.7bn as of September 30, 2021). The share of wholesale banking is reported at 32%. In regional terms, the largest shares of "Total Income" are attributable to the Netherlands (30%), Belgium (17%) and Germany (14%). The loan portfolio (EUR 796bn) is also dominated by retail banking (63% share). Residential mortgages also represent 40% (EUR 314bn) of the Group's outstanding loans. LCR and CET1 ratio at 142.5% and 15.8%, respectively, meet regulatory requirements as of September 30, 2021.

## Ratings\*

	Rating	Outlook
Fitch	AA-	Stable
Moody's	Aa3	Stable
S&P	A+	Stable

\*ING Bank N.V.

## Homepage

[www.ing.com](http://www.ing.com)

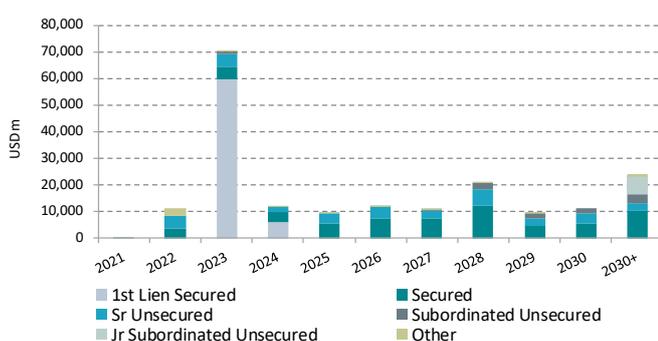
## Balance Sheet

(EURm)	2019Y	2020Y	2021Q3
Net Loans to Customers	667,701	654,230	614,815
Total Securities	120,828	133,798	204,465
Total Deposits	619,141	657,757	-
Tier 1 Common Capital	47,552	47,333	49,171
Total Assets	891,744	937,275	988,751
Total Risk-weighted Assets	326,414	306,323	310,528

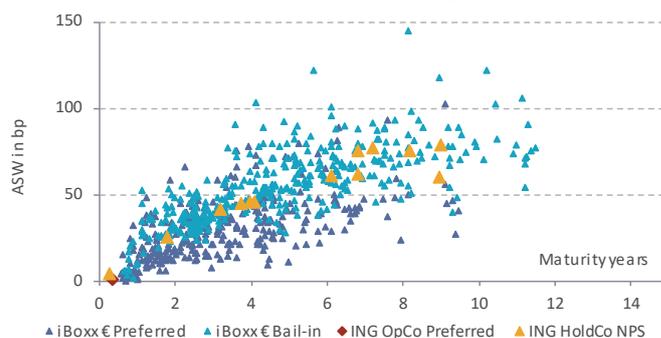
## Income Statement

(EURm)	2019Y	2020Y	2021Q3
Net Interest Income	14,079	13,604	3,388
Net Fee & Commission Inc,	2,868	3,011	882
Net Trading Income	838	879	-
Operating Expense	10,294	10,595	2,452
Credit Commit, Impairment	1,120	2,675	39
Pre-tax Profit	6,834	3,809	1,924

## Redemption Profile (ING Groep)



## Senior Unsecured Bonds (ING Groep)



## Company Ratios

	2019Y	2020Y	2021Q3	2019Y	2020Y	2021Q3	
Net Interest Margin	1.58	1.46	1.40	Liquidity Coverage Ratio	126.67	137.14	142.47
ROAE	9.09	4.64	9.87	IFRS Tier 1 Leverage Ratio	5.49	5.21	-
Cost-to-Income	56.74	59.70	52.75	NPL/ Loans at Amortised Cost	1.66	2.12	1.92
Core Tier 1 Ratio	14.57	15.45	15.83	Reserves/Loans at Amort. Cost	0.75	0.96	0.84

As of: 01.12.2021; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Markets Strategy & Floor Research

## Strengths / Opportunities

- Market position in Benelux countries
- Capitalisation, profitability and liquidity

## Risks / Weaknesses

- Low interest rate environment
- Cyclicity in wholesale banking segment

# Covered Bonds

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## EUR 14.6bn in outstanding bonds

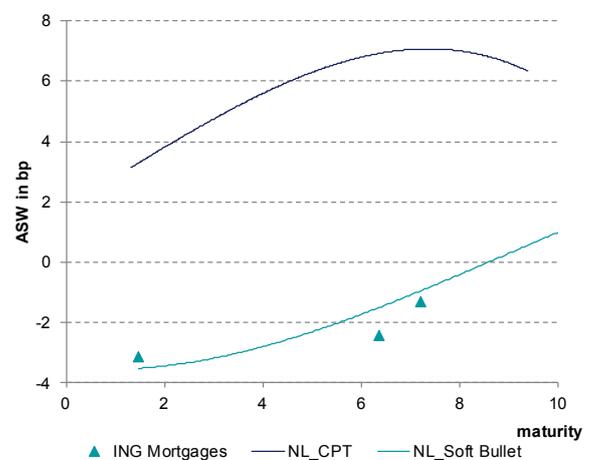
As of the reporting date October 31, 2021, ING Bank had outstanding covered bonds with a volume of EUR 14.614bn. The mortgage cover pool of the covered bond program, which in principle has both hard bullet and soft bullet covered bonds outstanding, totals EUR 19.224bn as of the reporting date October 31, 2021. At 31.6%, the overcollateralization ratio is above the statutory minimum requirement of 5%. The issuer currently has outstanding EUR benchmarks with a total volume of EUR 6.75bn, of which three of the four covered bonds are represented in the iBoxx EUR Covered. All outstanding EUR benchmarks are issued as soft bullets.

### Programme data

	Mortgage
31 October 2021	
Covered bonds outstanding	EUR 14,614m
Cover pool volume	EUR 19,224m
Current OC (nominal / legal)	31.6% / 5.0%
Type	100% Residential
Main country	100% Netherlands
Main region	22.6% Zuid-Holland
Number of mortgage loans	117,643
10 largest exposures	0.05%
Average loan size	EUR 163,311
NPL	0.0%
Fixed interest (Cover Pool / CBs)	87.8% / 89.7%
WAL (Cover Pool / CBs)	13.8y / 4.7y
CB Rating (Fitch / Moody's / S&P)	AAA / Aaa / AAA

Source: Issuer, Rating agencies, Bloomberg, NORD/LB Markets Strategy & Floor Research

### Spread overview (BMK; maturity >1y) – Netherlands



### Cover pool with exclusively residential primary cover

The cover pool consists of 99.9% (EUR 19.212bn) primary cover, which in turn is exclusively residential in nature and is attributable exclusively to the home market of the Netherlands. In terms of regional distribution, the largest share of cover assets is attributable to Zuid-Holland (22.6%), followed by Noord-Holland (20.4%) as well as Brabant (12.6%) and Gelderland (12.4%). The granularity of the cover pool is also reflected by the number of mortgage loans (117,643), the low share of the ten largest exposures combined (0.05%) and the average loan size of EUR 163,311. The cover pool does not contain any non-performing loans. The average LTV ratios are reported at 53.5% (unindexed) and 47.1% (indexed).

### Rating and regulatory treatment

ING Bank's EUR benchmarks each have top 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 that the quality of the collateral assets is also high by international standards. The risk weight according to CRR is 10%. In our opinion, benchmark deals can also be classified as Level 1 assets for the purposes of LCR management. The covered bonds are also eligible for purchase by the ECB both under the APP (CBPP3) and in the context of the PEPP. Furthermore, they are eligible as collateral in connection with the ECB Collateral Framework.

# Appendix

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Time of going to press: Wednesday, 01 December 2021 (09:14h)