

ING Belgium

Issuer View • 8. February 2024

Authors: Dr Frederik Kunze // Lukas Kühne

Ratings

ING Belgium SA

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

ING Belgium SA/NV (head office: Brussels) operates as a universal bank and is a wholly owned subsidiary of the Dutch ING Bank (ING; global systemically important institution) and is therefore part of the ING Group. It is one of the four largest banks in Belgium and is of national systemic importance. In addition to its home market, the bank also offers a wide range of financial and banking services in Luxembourg. ING Belgium focuses on three areas: Retail Banking, Business Banking and Wholesale Banking. It forms an important strategic unit within the ING Group. Although ING Bank has neither a letter of comfort nor an obligation to offset losses, the high relevance of ING Belgium within the Group means that support from the parent company is likely. The largest items in the loan portfolio with a volume of EUR 154 billion (FY/2022) were attributable to the domestic market (73%), Luxembourg (11%), the Netherlands (4%) and the rest of Europe (9%). In the loan portfolio, a distinction is made between retail banking (62%) and wholesale banking (38%). ING Belgium presented figures for the 2023 reporting year on 1 February 2024. Profit before tax was reported at EUR 1.239 billion (after tax: EUR 888 million). The loan portfolio increased to EUR 110.5 billion. The interest margin was reported at 1.86% (2022: 1.33%) and the cost-income ratio at 61.4% (2022: 76.6%). The bank also wants to improve its sustainability strategy. For example, ING has already realigned its 2-degree climate target (Paris Climate Agreement) with the 1.5-degree climate target of the Net-Zero Banking Alliance in 2021. The bank's own goal of managing the most carbon-intensive parts of the ING portfolio in such a way that they achieve climate neutrality by 2050 is being realised through the "Terra" approach.

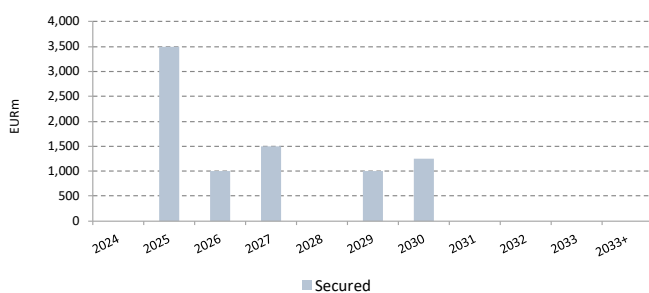
Homepage

www.ing.be

Balance Sheet

(EURm)	2020Y	2021Y	2022Y
Net Loans to Customers	102,392	105,266	107,351
Total Securities	23,464	21,294	31,608
Total Deposits	109,052	109,178	109,525
Tier 1 Common Capital	8,785	9,116	8,767
Total Assets	162,258	161,757	165,762
Total Risk-weighted Assets	57,811	54,024	50,214

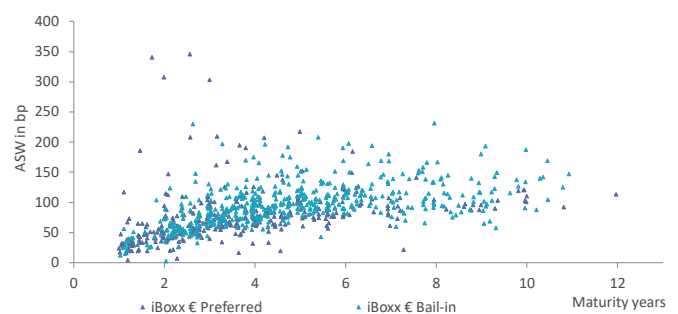
Redemption Profile



Income Statement

(EURm)	2020Y	2021Y	2022Y
Net Interest Income	2,080	2,066	2,069
Net Fee & Commission Inc.	526	650	661
Net Trading Income	117	227	240
Operating Expense	1,946	1,872	1,966
Credit Commit. Impairment	589	184	230
Pre-tax Profit	268	948	454

Senior Unsecured Bonds (EUR BMK)



Company Ratios

	2020Y	2021Y	2022Y	2020Y	2021Y	2022Y	
Net Interest Margin	1.30	1.29	1.28	Liquidity Coverage Ratio	200.44	161.76	136.08
ROAE	1.77	6.99	3.38	IFRS Tier 1 Leverage Ratio	5.78	5.93	5.92
Cost-to-Income	69.13	61.98	64.82	NPL/ Loans at Amortised Cost	3.96	3.27	3.22
Core Tier 1 Ratio	15.20	16.87	17.46	Reserves/Loans at Amort. Cost	1.19	1.13	1.19

As of 08.02.2024; Source: Bloomberg, S&P Global Market Intelligence, NORD/LB Floor Research

Strengths / Opportunities

- Diversified credit portfolio (retail & corporates)
- Capitalisation

Risks / Weaknesses

- NPL ratio (for a bank focused on BE and LU)
- Profitability

Covered Bonds

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Mortgage-backed cover pool: Cover assets with a volume of EUR 13.451bn

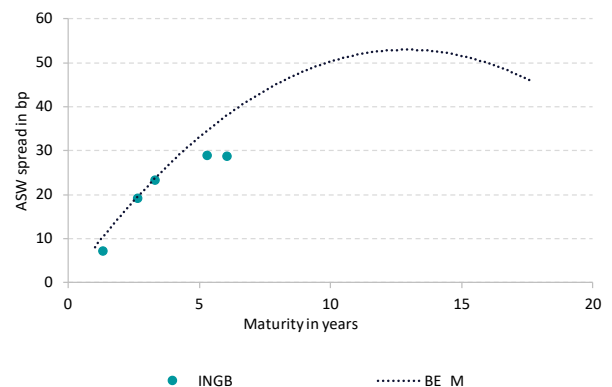
ING Belgium maintains a mortgage-backed covered bond programme. As at the reporting date of 31 January 2024, the cover assets of the mortgage pool totalled EUR 13.451bn. The cover assets are offset by mortgage covered bonds with a volume of EUR 9.750bn, resulting in an over-collateralisation ratio of around 38%. This is well above the statutory minimum requirement. In the current composition of the iBoxx EUR Covered benchmark index, the bank is represented with a total of five issues, with the outstanding volume of mortgage covered bonds totalling EUR 5.75bn.

Programme data

	Mortgage
31 January 2024	
Covered bonds outstanding	EUR 9.750bn
Cover pool volume	EUR 13.451bn
Current OC (nominal / legal)	38.0% / 5.0%
Type	100% Residential
Main country	100% Belgium
Main region	57.5% Flanders
Number of loans	101,195
Number of borrowers	117,292
Average loan amount	EUR 113,392
Fixed interest (Cover Pool / CBs)	89.1% / 100.0%
WAL (Cover Pool / CBs)	7.3y / 3.4y
CB Rating (Fitch / Moody's / S&P)	AAA / Aaa / -

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

Spread overview (BMK) – Belgium



Residential cover assets located exclusively in Belgium

The mortgage cover pool consists almost exclusively of primary cover assets (share: 98.9%). In terms of the type of cover assets, the cover pool stands out with its exclusively residential property cover. The cover pool contains only assets located in Belgium. 100% of the financed properties fall into the "owner occupied" category. In terms of regional distribution, "Flanders" dominates (share: 57.5%). The "Brussels Region" accounts for 10.6% and "Wallonia" for 31.8%. The granularity is reflected in the number of loans (101,195) and borrowers (117,292). The market value-based average loan-to-value ratio for the ING Belgium Cover Pool is given as 52.8%. For the non-indexed case, the LTV is 62.6%. The ratio for the average loan term to date (seasoning) is 4.73 years. The cover pool does not include non-performing loans or receivables more than 60 days in arrears.

Rating and regulatory treatment

ING Belgium's mortgage programme has the highest ratings from the rating agencies Fitch (AAA) and Moody's (Aaa) with a stable outlook. The risk experts also report a collateral score of 5.0% for the programme. Based on the ratings, a risk weight of 10% is applicable for the issuer's covered bonds in accordance with the CRR. Furthermore, we believe that EUR benchmark transactions are suitable as Level 1 assets within the scope of LCR management. The issuer's covered bonds are also suitable as collateral in transactions with the ECB and new placements can be marketed under the European Covered Bond (Premium) label.

Appendix

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Origination Corporates	+49 511 361-2911

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Liquidity Management	+49 511 9818-9620 +49 511 9818-9650

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Financials	+49 511 9818-9490
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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