

# ING Groep (INGA NA)

## FUNDAMENTAL VIEW <sup>1</sup>

As of 01 Nov 2024

- ING displays robust and consistent asset quality, good earnings, solid capital ratios and a well-balanced funding profile.
- These attributes are supported by its strong franchise in retail and wholesale banking in the Benelux region, its good geographic diversification, and its focus on low risk residential mortgage lending.
- At the same time, it has sizeable exposures to cyclical industry sectors in its Wholesale Banking division, although these have been reduced in recent years.

## RISKS & CATALYSTS

As of 01 Nov 2024

- Exposure to Russia has been coming down meaningfully, and the book is well covered (€1.0 bn offshore exposure with >€0.5 bn cover from guarantees). It also has €400 mn of equity in its Russian subsidiary. We highlight this as Russian exposure is continuing to attract interest and led to some additions to Stage 3 exposures year to date. To put these figures in context, the figures for Russian offshore exposure and equity in Russia at the beginning of the war in February 2022 were €5.3 bn (€2.2 bn covered by risk transfers to third parties) and €0.2 bn.
- ING's CET1 ratio will trend down towards its 12.5% target in the coming years, bringing it more in line with other major peers.
- Customer deposits fund over 60% of ING's balance sheet. 85% of deposits are insured.

## CREDIT QUALITY SCORE (CQS)<sup>2</sup>

As of 16 Jan 2025

### CURRENT CQS

62

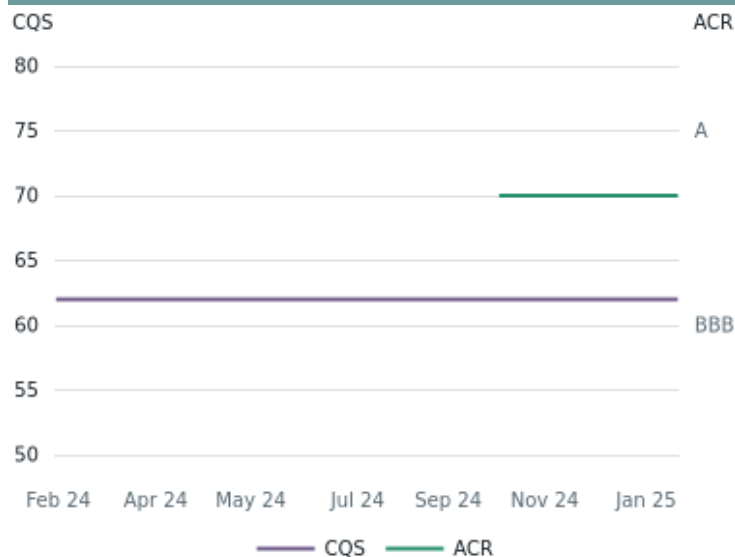
### CQS OUTLOOK <sup>3</sup>

NEGATIVE

STABLE

POSITIVE

### HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR)<sup>4</sup> VS CQS



## KEY METRICS

As of 01 Nov 2024

€ MN	Y20	Y21	Y22	Y23	3Q24
Return On Equity	4.6%	8.8%	7.1%	14.4%	14.8%
Total Revenues Margin	1.9%	2.0%	1.9%	2.3%	2.3%
Cost/Income	63.2%	60.5%	60.3%	51.2%	49.1%
CET1 Ratio (Transitional)	15.5%	15.9%	14.5%	14.7%	14.3%
CET1 Ratio (Fully-Loaded)	15.5%	15.9%	14.5%	14.7%	14.3%
Leverage Ratio (Fully-Loaded)	4.8%	5.9%	5.1%	5.0%	4.7%
Liquidity Coverage Ratio	137.0%	139.0%	134.0%	143.0%	146.0%
Impaired Loans (Gross)/Total Loans	2.1%	1.8%	1.7%	1.8%	1.9%

## BUSINESS DESCRIPTION

As of 01 Nov 2024

- ING was founded in 1991 by a merger between Nationale-Nederlanden and NMB Postbank Group. It is now the largest Dutch financial institution by total assets.
- ING Bank is focused on retail and commercial banking in the Benelux countries, with direct banking franchises in Germany, Spain, Italy, Australia, as well as Poland, Romania, Turkey and the Philippines.
- In April 2016, it completed the process of divesting all of its insurance business (in Europe, the US and Asia), under the Restructuring Plan conditions imposed by the European Commission after it received state aid in 2008-2009.
- In November 2016, ING announced that its resolution entity would be its holding company, ING Groep NV. ING Groep is now the issuing entity for all TLAC/MREL-eligible debt (AT1, Tier 2 and senior unsecured), and its sole operating entity is ING Bank N.V.

## GLOSSARY

<sup>1</sup> The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

<sup>2</sup> The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

<sup>3</sup> The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

<sup>4</sup> The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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