

ING Groep NV

1Q23 preview: all eyes on capital return and cost guidance

Maintain Rating: BUY | PO: 16.80 EUR | Price: 11.42 EUR

Maintain Buy, €16.8 PO, 45% potential upside

We maintain our constructive view on ING ahead of 1Q23 results. The key focus will be on: (1) special dividends in the form of share buyback and cash; and (2) cost guidance for 2023 and 2024. Longer-term, we see a credible path towards >13% ROTE in 2025E amid better revenues, cost control and good asset quality. Sustained capital return is a key driver. Valuation is attractive at 0.75x P/TBV, 6x P/E for a 12.7% ROTE in 2024E.

Attractive special distribution; announcement likely in 1Q

We estimate ING is likely to announce a €1.5bn special distribution. For the SBB to be exempt from a 17.65% withholding tax, the total cash distribution in calendar 2023 would need to exceed €2.8bn. As such, the special return should be split €1.25bn SBB and €250mn cash. A second €1bn SBB tranche should be announced with 3Q results.

Material NII growth in 2023; step-up from 1Q

Liability income growth should accelerate from 1Q23, driving material underlying NII growth at c.15% YoY in 2023. We are factoring in the current forward curve (c.300bp in 2023-24E) and conservative deposit pass-through rates (gradual 50%), although ING should benefit from its quality deposit franchise. The main risk to higher NII would be lower-than-anticipated mortgage and wholesale banking lending growth (c.2% CAGR in 2022-25E) amid macro uncertainty. Lending margin pressure should stabilise from 2023.

All eyes on cost guidance; unlikely to change in 1Q

Management's C/I guidance for 2023 is 55-56% based on 10% revenue growth. We estimate it should deliver 54% C/I thanks to better revenues. It is unlikely to change its guidance with 1Q results as it already factors in the challenging CLA discussions with unions. ING submitted its final offer last week (4-7% salary increase in 2023 and 3% in 2024), which should apply regardless of whether the unions agree.

Estimates (Dec) (EUR)	2021A	2022A	2023E	2024E	2025E
Net Profit (EURm)	3,516	2,429	5,519	6,301	6,736
EPS (Adjusted Diluted)	1.27	1.02	1.59	1.89	2.10
Dividend / Share	0.40	0.59	0.78	0.92	1.04
Adjusted NAV PS	14.0	13.5	14.0	14.7	15.5
ADR EPS (Adjusted Diluted - US\$)	1.50	1.07	1.72	2.05	2.28
ADR Dividend / Shares (US\$)	0.48	0.62	0.85	1.00	1.13
Valuation (Dec)					
P/E	9.0	11.2	7.2	6.0	5.4
EPS Change (YoY)	98.4%	-19.7%	56.3%	18.9%	11.3%
Price / BV	0.80x	0.83x	0.80x	0.76x	0.72x
Price / NAV	0.82x	0.85x	0.81x	0.78x	0.74x
Net Yield	3.53%	5.14%	6.83%	8.05%	9.11%
DPS Change (YoY)	0.73%	45.6%	32.8%	17.9%	13.0%
Price / GOP	5.91x	5.61x	4.12x	3.64x	3.30x

11 April 2023

Equity

Tarik El Mejjad >>
Research Analyst
MLI (UK)
+44 20 7996 0014
tarik.e.mejjad@bofa.com

Stock Data

Price (Common / ADR)	11.42 EUR / 12.38 USD
Price Objective	16.80 EUR / 18.40 USD
Date Established	3-Feb-2023 / 3-Feb-2023
Investment Opinion	B-1-7 / B-1-7
52-Week Range	8.29 EUR-13.55 EUR
Market Value (mn)	43,127 EUR
Shares Outstanding (mn)	3,775.8 / 3,775.8
Average Daily Value (mn)	248.58 USD
Free Float	100.0%
BofA Ticker / Exchange	INGVF / ENA
BofA Ticker / Exchange	ING / NYS
Bloomberg / Reuters	INGA NA / INGA.AS
ROE (2023E)	11.1%
ESGMeter™	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "[BofA ESGMeter Methodology](#)".

SBB: Share Buyback
ROTE: Return On Tangible Equity
P/TBV: Price to Tangible Book Value
NII: Net Interest Income
C/I: Cost to Income
CLA: Collective Labour Agreement
CoR: Cost of Risk
TTC: Through-The-Cycle

>> Employed by a non-US affiliate of BofAS and is not registered/qualified as a research analyst under the FINRA rules.

Refer to "Other Important Disclosures" for information on certain BofA Securities entities that take responsibility for the information herein in particular jurisdictions.

BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Refer to important disclosures on page 8 to 11. Analyst Certification on page 6. Price Objective Basis/Risk on page 6.

12542870

Timestamp: 11 April 2023 11:26AM EDT

iQprofileSM ING Groep NV

Key Income Statement Data (Dec)	2021A	2022A	2023E	2024E	2025E
(EUR Millions)	IFRS	IFRS	IFRS	IFRS	IFRS
Net Interest Income	13,615	13,756	15,727	16,348	16,735
Net Fee Income	3,521	3,590	3,815	4,072	4,363
Securities Gains / (Losses)	138	187	156	156	156
Other Income	1,221	1,032	1,167	1,167	1,167
Total Non-Interest Income	4,880	4,809	5,138	5,395	5,686
Total Operating Income	18,494	18,565	20,865	21,743	22,421
Operating Expenses	(12,457)	(12,448)	(11,228)	(11,287)	(11,331)
Pre-Provision Profit	6,038	6,117	9,637	10,456	11,089
Provisions Expense	(516)	(1,861)	(1,832)	(1,564)	(1,595)
Operating Profit	5,521	4,256	7,805	8,891	9,495
Non-Operating Items	0	0	0	0	0
Pre-Tax Income	5,521	4,256	7,805	8,891	9,495
Net Income to sh/holders	3,516	2,429	5,519	6,301	6,736
Adjusted Cash Earnings	4,780	3,678	5,519	6,301	6,736

Key Balance Sheet Data	2021A	2022A	2023E	2024E	2025E
Total Assets	951,317	968,353	990,973	1,014,377	1,040,201
Average Interest Earning Assets	612,928	631,800	642,961	656,974	672,161
Weighted Risk Assets	312,616	332,853	338,223	343,714	349,330
Total Gross Customer Loans	627,550	636,050	649,873	664,074	680,249
Total Customer Deposits	657,831	686,341	706,858	720,848	735,200
Tier 1 Capital	48,798	43,430	48,945	55,243	61,975
Tangible Equity	52,763	48,807	48,717	49,117	49,755
Common Shareholders' Equity	53,919	49,909	49,819	50,219	50,857

Key Metrics	2021A	2022A	2023E	2024E	2025E
Net Interest Margin	1.49%	1.45%	1.64%	1.66%	1.67%
Tier 1 Ratio	15.6%	13.0%	14.5%	16.1%	17.7%
Core Tier 1 Ratio	13.8%	11.4%	12.8%	14.4%	16.1%
Basel 3 "fully phased in" Tier 1 Ratio	13.8%	11.4%	12.8%	14.4%	16.1%
Effective Tax Rate	34.0%	40.5%	28.0%	28.0%	28.0%
Loan / Assets Ratio	66.0%	65.7%	65.6%	65.5%	65.4%
Loan / Deposit Ratio	95.4%	92.7%	91.9%	92.1%	92.5%
Oper Leverage (Inc Growth - Cost Growth)	3.21%	0.45%	22.2%	3.68%	2.73%
Gearing (Assets / Equity)	17.6x	19.4x	19.9x	20.2x	20.5x
Tangible Equity / Assets	5.55%	5.04%	4.92%	4.84%	4.78%
Tangible Equity / WRAs	16.9%	14.7%	14.4%	14.3%	14.2%

Business Performance	2021A	2022A	2023E	2024E	2025E
Revenue Growth	4.84%	0.38%	12.4%	4.21%	3.12%
Operating Expense Growth	1.62%	-0.06%	-9.80%	0.53%	0.39%
Provisions Expense Growth	-80.7%	260%	-1.54%	-14.6%	1.94%
Operating Revenue / Average Assets	0.58%	0.44%	0.80%	0.89%	0.92%
Operating Expenses / Average Assets	-1.32%	-1.30%	-1.15%	-1.13%	-1.10%
Pre-Provision ROA	0.64%	0.64%	0.98%	1.04%	1.08%
ROA	0.37%	0.25%	0.56%	0.63%	0.66%
Pre-Provision ROE	11.1%	11.8%	19.3%	20.9%	21.9%
ROE	6.48%	4.68%	11.1%	12.6%	13.3%
RoTE	9.02%	7.24%	11.3%	12.9%	13.6%
RoWRAs	1.55%	1.14%	1.64%	1.85%	1.94%
Dividend Payout Ratio	32.4%	59.0%	50.1%	49.7%	50.5%
Efficiency Ratio (Cost / Income Ratio)	60.5%	60.3%	53.8%	51.9%	50.5%

Quality of Earnings	2021A	2022A	2023E	2024E	2025E
Total Non-Interest Inc / Operating Inc	26.4%	25.9%	24.6%	24.8%	25.4%
Market-Related Revenue / Total Revenues	19.0%	19.3%	18.3%	18.7%	19.4%
Provisioning Burden as % of PPP	8.55%	30.4%	19.0%	15.0%	14.4%
NPLs plus Foreclosed Real Estate / Loans	0%	0%	0%	0%	0%
Loan Loss Reserves / NPLs	NA	NA	NA	NA	NA
Loan Loss Reserves / Total Loans	0%	0%	0%	0%	0%
Provisions Expense / Average Loans	0.08%	0.29%	0.28%	0.24%	0.24%

Company Sector

Banks-Multinational/Universal

Company Description

ING Group is a global financial institution (Dutch origin), offering banking services. Following the sale of its remaining stakes in insurance operations, ING will become a pure bank with a European retail focus combined with a global Commercial Banking activity.

Investment Rationale

We like the ING story, which combines growth and healthy capital returns. We also value its digital banking leadership, an increasingly relevant investment driver in the coming quarters.

Stock Data

Shares / ADR	1.00
Price to Book Value	0.8x

1Q23 results preview (11 May)

Table 1: ING Group 1Q23E - P&L (€mn)

Better underlying revenue growth. Good cost control. In line with through-the-cycle CoR

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023E	Q1 QoQ	Q1 YoY
Net interest income	3,415	3,465	3,332	3,545	3,925	10.7%	14.9%
Fees & commissions income	933	888	876	888	913	3%	-2%
Investment income	4	23	114	15	9	-40%	142%
Realised gains and fair value changes on investments	26	8	-3	0	14	4431%	-46%
Total investment income	29	31	111	15	23	50%	-22%
Total other income	222	297	93	420	268	-36%	21%
Total income	4,600	4,682	4,412	4,868	5,129	5%	12%
Operating expenses	2,945	2,738	2,629	2,888	3,101	7%	5%
Pre-provision profit	1,655	1,944	1,783	1,980	2,028	2%	23%
Loan loss provisions	987	202	403	269	455	69%	-54%
Pre-tax profit	668	1,743	1,380	1,711	1,573	-8%	135%
Taxation	194	530	427	575	442	-23%	128%
Minority interests	46	34	-26	48	24	-50%	-47%
Underlying net profit	429	1,178	979	1,089	1,107	2%	158%
Net gains/losses on divestments	0	0	0	0	0		
Special items after tax	0	0	0	0	0		
Adjusted Net profit	429	1,178	979	1,089	1,107	2%	158%

Source: BofA Global Research estimates, company data

BofA GLOBAL RESEARCH

Exhibit 1: ING Group 1Q23E – Pre-tax profit and Revenues by division (€mn)

YoY earnings recovery derives from retail and Wholesale banking

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023E	Q1 QoQ	Q1 YoY
Retail Banking - Pre-tax profit	984	1,115	722	1,162	1,056	-9%	7%
o/w Retail Netherlands	556	579	437	442	511	15%	-8%
o/w Retail Belgium	51	113	-122	181	-5	-103%	-110%
o/w Retail Germany	226	197	220	258	330	28%	46%
o/w Retail Challengers & Growth Markets	151	227	187	281	220	-22%	46%
Wholesale Banking - Total income	1,530	1,732	1,556	1,507	1,592	6%	4%
o/w Lending	800	793	819	746	815	9%	2%
o/w Daily Banking & Trade Finance	379	402	437	443	448	1%	18%
o/w Financial Markets	215	443	282	287	230	-20%	7%
o/w Treasury & Other	136	94	19	31	99	214%	-27%
Wholesale Banking - Pre-tax profit	-224	935	710	570	562	-1%	-351%
Corporate Line - Pre-tax profit	-92	-308	-52	-21	-45	116%	-51%
Total - Pre-tax profit	668	1,743	1,380	1,711	1,573	-8%	135%

Source: BofA Global Research estimates, company data

BofA GLOBAL RESEARCH

Valuation and FY forecast changes

ING – maintain Buy, €16.8 PO, 45% upside potential

Our 2024E SOTP gives a 12M discounted (at 12.2% CoE) PO of €16.8 (unchanged). The implied potential upside to our price objective is 45%. Hence, we keep our Buy rating.

Our SOTP values ING on a divisional basis, applying P/E multiples to our divisional earnings forecasts or P/BV multiples to our allocated equity forecast calculated as 12.5% of our forecasted RWAs. We add the Group capital excess/deficit to the 12.5% 2023E Basel 4 CET1 ratio that we value at 1x P/BV.

We keep our net profit forecast broadly unchanged.

Exhibit 2: ING Group – SOTP valuation (2024E, €mn)

We maintain our PO unchanged at €16.8

	RWA	Allocated equity	Net profit	ROE	COE	Growth	Implied P/BV. (x)	Implied PE (x)	Value
Retail banking	170,621	21,328	4,442	21%	11.0%	2.0%	2.4	11.5	50,967
o/w Netherlands	51,530	6,441	2,086	32%	9.5%	2.0%	4.1	12.5	26,093
o/w Belgium	36,209	4,526	573	13%	9.0%	2.0%	1.5	12.0	6,892
o/w Germany	31,087	3,886	966	25%	9.0%	2.0%	3.3	13.1	12,688
o/w Rest of the World	51,795	6,474	818	13%	15.0%	2.0%	0.8	6.5	5,295
Wholesale Banking	162,638	20,330	2,223	11%	13.5%	2.0%	0.8	7.1	15,791
Corporate line	10,455	1,307	-367					7.0	-2,572
Total ING Bank	343,714	42,964	6,297	15%	12.2%		1.5	10.2	64,186
Excess/ Deficit capital (above 12.5% B4 FL CET1)									
TOTAL									62,158
Number of shares (mn)									3,335

Price Objective

16.8

Source: BofA Global Research estimates, company data

BofA GLOBAL RESEARCH

Exhibit 3: ING Group financials summary

ING Group model

P&L (€mn)	2020	2021	2022	2023E	2024E	2025E
Net interest income	13,604	13,615	13,756	15,727	16,348	16,735
Net fees & commissions	3,011	3,517	3,586	3,811	4,068	4,359
Other revenues	1,022	1,359	1,219	1,323	1,323	1,323
Total revenues	17,637	18,490	18,561	20,861	21,739	22,417
Operating costs	-11,153	-11,192	-11,199	-11,228	-11,287	-11,331
Pre-provision profit	6,484	7,299	7,363	9,633	10,452	11,085
Cost of risk	-2,675	-516	-1,861	-1,832	-1,564	-1,595
Operating profit	3,809	6,782	5,502	7,801	8,887	9,491
Other	0	0	0	0	0	0
Pre-tax profit	3,809	6,782	5,502	7,801	8,887	9,491
Tax	-1,246	-1,877	-1,725	-2,184	-2,488	-2,657
Non-recurring items	0	0	0	0	0	0
Net profit	2,563	4,905	3,777	5,617	6,399	6,833
Minorities	-78	-128	-102	-101	-101	-101
Exceptionals, post-tax	0	0	0	0	0	0
Net profit attributable to shareholders	2,485	4,776	3,674	5,515	6,297	6,732
Pref. dividends / cost of sub. notes / others	0	0	0	0	0	0
Adjusted net profit	2,485	4,776	3,674	5,515	6,297	6,732
BALANCE SHEET KEY METRICS (€bn)	2020	2021	2022	2023E	2024E	2025E
Total loans	604	633	642	656	670	687
Total deposits	610	617	641	660	673	686
Total assets	937	951	968	991	1,014	1,040
B3 RWA	306	313	332	338	344	349
MARGINS & PROFITABILITY RATIOS (%)	2020	2021	2022	2023E	2024E	2025E
Net interest margin	1.49%	1.44%	1.43%	1.61%	1.63%	1.63%
Cost / income ratio	63%	61%	60%	54%	52%	51%
Cost of risk	0.44%	0.08%	0.29%	0.28%	0.24%	0.24%
RoA	0.27%	0.51%	0.38%	0.56%	0.63%	0.66%
RoE	4.5%	8.9%	7.4%	11.0%	12.4%	13.1%
RoTE	4.6%	9.0%	7.5%	11.3%	12.7%	13.4%
BALANCE SHEET RATIOS (%)	2020	2021	2022	2023E	2024E	2025E
B3 CET1, fully loaded	15.5%	15.9%	14.5%	13.8%	13.7%	13.7%
B3 Tier 1						
B3 Total capital						
B3 Tier 1 leverage						
Cash payout ratio	63%	32%	59%	50%	50%	50%
PER SHARE DATA (€)	2020	2021	2022	2023E	2024E	2025E
Adj. EPS	0.64	1.24	0.99	1.56	1.85	2.06
BVPS	14.0	14.3	13.8	14.4	15.2	16.0
TBVPS	13.7	14.0	13.5	14.1	14.8	15.7
DPS	0.40	0.40	0.59	0.78	0.92	1.04
Share buybacks (€mn)	0	1,744	1,584	1,653	1,587	1,524

Source: BofA Global Research estimates, company data

BofA GLOBAL RESEARCH

Price objective basis & risk

ING Groep NV (INGVF / ING)

Our price objective of EUR16.8 (US\$18.4 per ADR) is based on our standard sum-of-the-parts valuation model. Our sum-of-the-parts valuation methodology values the bank on a divisional basis, applying PNAV multiples to our divisional forecasts on the basis of an ROE/COE model $[(ROE - G) / (COE - G)]$. Rather than use management's allocation of capital, we apply our own internal method to allocate capital. ROE = Expected earnings / allocated capital assuming 12.5% CET1 ratio. COE = 12.2%. G = 2%.

Our valuation model arrives at the following target multiples:

Retail at 2.4x allocated capital (ROE 21%, COE 11%, G 2%) or an implied 11.5x earnings
Wholesale Banking at 0.8x allocated capital (ROE 11%, COE 13.5%, G 2%) or an implied 7.1x earnings. We value the capital surplus at 1x BV.

Downside risks to our PO are 1) material macro slowdown in ING Bank's core markets (Netherlands, Belgium and Germany) driven by Russia/Ukraine crisis, 2) no change in rates in Europe, 3) significant deterioration in the lending book asset quality and in CEE and higher losses in Russia and 4) higher than anticipated impact from capital regulation.

Upside risks to our PO are 1) an even more favourable dividend distribution from 2022E, 2) sustainable asset quality normalisation at the bank and 3) achieve or exceed 10-12% ROE target, especially in terms of margins and costs efficiency

Analyst Certification

I, Tarik El Mejjad, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

EMEA - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Allied Irish Banks	AIBRF	AIBG ID	Alastair Ryan
	Banco BPM	BNCZF	BAMI IM	Antonio Reale
	BFF Banking Group	XBBZF	BFF IM	Antonio Reale
	BNP Paribas	BNPQF	BNP FP	Tarik El Mejjad
	BNP Paribas	BNPQY	BNPQY US	Tarik El Mejjad
	Credit Agricole	CRARF	ACA FP	Tarik El Mejjad
	Danske Bank	DNSKF	DANSKE DC	David Taranto
	Erste Bank	EBKOF	EBS AV	Alastair Ryan
	Erste Bank	EBKDY	EBKDY US	Alastair Ryan
	HSBC	XHSBF	5 HK	Alastair Ryan
	HSBC	HBCYF	HSBA LN	Alastair Ryan
	HSBC -A	HSBC	HSBC US	Alastair Ryan
	ING Groep NV	ING	ING US	Tarik El Mejjad
	ING Groep NV	INGVF	INGA NA	Tarik El Mejjad
	Intesa Sanpaolo	IITSF	ISP IM	Antonio Reale
	Intesa Sanpaolo	ISNPY	ISNPY US	Antonio Reale
	KBC Group	KBCSF	KBC BB	Tarik El Mejjad
	KBC Group NV	KBCSY	KBCSY US	Tarik El Mejjad
	Lloyds Banking Group	LLDTF	LLOY LN	Rohith Chandra-Rajan
	Lloyds Banking Group	LYG	LYG US	Rohith Chandra-Rajan
	NatWest Group	RBSPF	NWG LN	Rohith Chandra-Rajan
	NatWest Group PLC	NWG	NWG US	Rohith Chandra-Rajan
	Nordea	NBNKF	NDA FH	David Taranto
	Nordea	XSABF	NDA SS	David Taranto
	Nordea Bank Abp	NRDBY	NRDBY US	David Taranto
	Permanent TSB	ILPMF	PTSB ID	Alastair Ryan

EMEA - Banks Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Societe Generale	SCGLF	GLE FP	Tarik El Mejjad
	Societe Generale	SCGLY	SCGLY US	Tarik El Mejjad
	UBS	XUHF	UBSG SW	Alastair Ryan
	UBS	UBS	UBS US	Alastair Ryan
	Unicredit	UNCF	UCG IM	Antonio Reale
	Unicredit	UNCRY	UNCRY US	Antonio Reale

NEUTRAL

	Bank Of Ireland Group	XBOIF	BIRG ID	Alastair Ryan
	Barclays	BCLYF	BARC LN	Rohith Chandra-Rajan
	Barclays	BCS	BCS US	Rohith Chandra-Rajan
	Commerzbank	CRZBF	CBK GY	Rohith Chandra-Rajan
	Handelsbanken	SVNLF	SHBA SS	David Taranto
	Mediobanca	MDIBF	MB IM	Antonio Reale
	StanChart	SCBFF	STAN LN	Alastair Ryan
	StanChart	XCHBF	2888 HK	Alastair Ryan
	Svenska Handelsbanke	SVNLY	SVNLY US	David Taranto

UNDERPERFORM

	ABN AMRO	ABMRF	ABN NA	Tarik El Mejjad
	Deutsche Bank	DB	DB US	Rohith Chandra-Rajan
	Deutsche Bank	XDUSF	DBK GY	Rohith Chandra-Rajan
	DNB	DNBBF	DNB NO	David Taranto
	DNB ASA	DNBBY	DNBBY US	David Taranto
	Monte dei Paschi	BMDPF	BMPS IM	Antonio Reale
	Poste Italiane	PITAF	PST IM	Antonio Reale
	Raiffeisen Bank International	RAIFF	RBI AV	Alastair Ryan
	SEB	SVKEF	SEBA SS	David Taranto
	Swedbank	SWDBF	SWEDA SS	David Taranto
	Swedbank AB	SWDBY	SWDBY US	David Taranto
	Virgin Money UK PLC	CBBYF	VMUK LN	Rohith Chandra-Rajan
	Virgin Money UK PLC	CYBBF	VUK AU	Rohith Chandra-Rajan

iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity
Operating Margin
Earnings Growth
Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income
Operating Profit
Expected 5 Year CAGR From Latest Actual
Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill
Amortization
Shareholders' Equity
Sales
N/A
N/A

Quality of Earnings

Cash Realization Ratio
Asset Replacement Ratio
Tax Rate
Net Debt-To-Equity Ratio
Interest Cover

Numerator

Cash Flow From Operations
Capex
Tax Charge
Net Debt = Total Debt – Cash & Equivalents
EBIT

Denominator

Net Income
Depreciation
Pre-Tax Income
Total Equity
Interest Expense

Valuation Toolkit

Price / Earnings Ratio
Price / Book Value
Dividend Yield
Free Cash Flow Yield
Enterprise Value / Sales

Numerator

Current Share Price
Current Share Price
Annualised Declared Cash Dividend
Cash Flow From Operations – Total Capex
EV = Current Share Price × Current Shares + Minority Equity + Net Debt +
Other LT Liabilities
Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)
Shareholders' Equity / Current Basic Shares
Current Share Price
Market Cap = Current Share Price × Current Basic Shares
Sales

Basic EBIT + Depreciation + Amortization

iQmethodSM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and valuations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

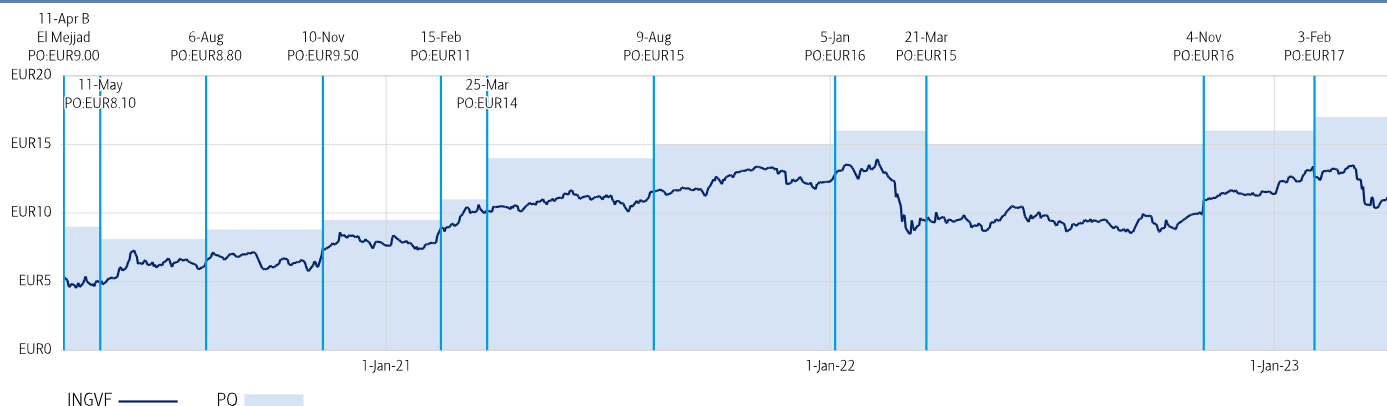
iQdatabase[®] is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

iQprofileSM, iQmethodSM are service marks of Bank of America Corporation. iQdatabase[®] is a registered service mark of Bank of America Corporation.

Disclosures

Important Disclosures

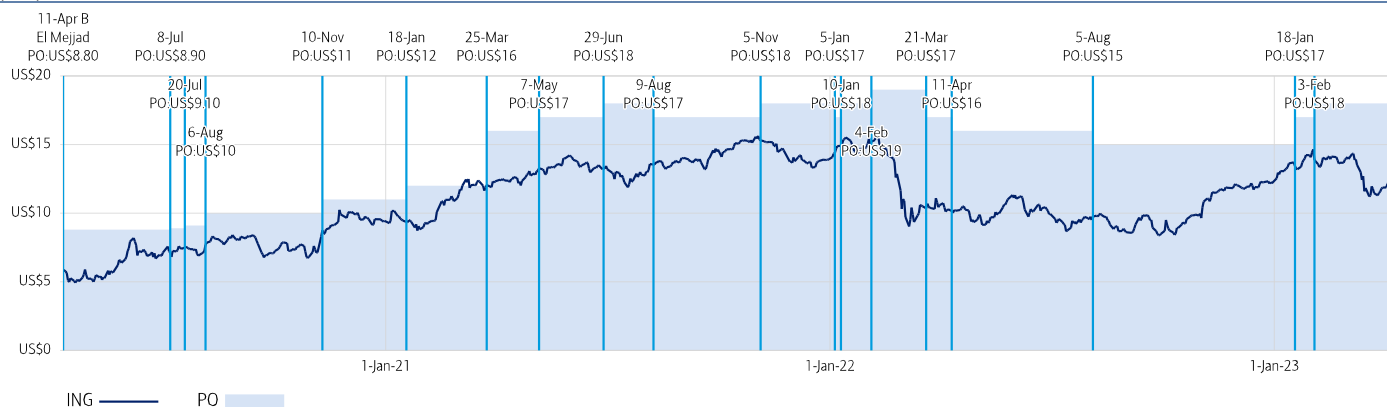
ING (INGVF) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

ING (ING) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Banks Group (as of 31 Mar 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	88	50.87%	Buy	72	81.82%
Hold	40	23.12%	Hold	29	72.50%
Sell	45	26.01%	Sell	34	75.56%

Equity Investment Rating Distribution: Global Group (as of 31 Mar 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1869	53.01%	Buy	1030	55.11%
Hold	827	23.45%	Hold	476	57.56%
Sell	830	23.54%	Sell	389	46.87%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its *Coverage Cluster* (defined below). There are three investment ratings: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

Price Charts for the securities referenced in this research report are available on the [Price Charts website](#), or call 1-800-MERRILL to have them mailed.

BofAS or one of its affiliates acts as a market maker for the equity securities recommended in the report: ING.

BofAS or an affiliate was a manager of a public offering of securities of this issuer within the last 12 months: ING.

The issuer is or was, within the last 12 months, an investment banking client of BofAS and/or one or more of its affiliates: ING.

BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: ING.

The issuer is or was, within the last 12 months, a non-securities business client of BofAS and/or one or more of its affiliates: ING.

BofAS or an affiliate has received compensation for investment banking services from this issuer within the past 12 months: ING.

BofAS or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer or an affiliate of the issuer within the next three months: ING.

BofAS together with its affiliates beneficially owns one percent or more of the common stock of this issuer. If this report was issued on or after the 9th day of the month, it reflects the ownership position on the last day of the previous month. Reports issued before the 9th day of a month reflect the ownership position at the end of the second month preceding the date of the report: ING.

BofAS or one of its affiliates is willing to sell to, or buy from, clients the common equity of the issuer on a principal basis: ING.

The issuer is or was, within the last 12 months, a securities business client (non-investment banking) of BofAS and/or one or more of its affiliates: ING.

BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

Other Important Disclosures

From time to time research analysts conduct site visits of covered issuers. BofA Global Research policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits.

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

Officers of BofAS or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Refer to [BofA Global Research policies relating to conflicts of interest](#).

"BofA Securities" includes BofA Securities, Inc. ("BofAS") and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. "BofA Securities" is a global brand for BofA Global Research.

Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by The Financial Service Board; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no. 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at www.bofam.com/BofASEdisclaimer; BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSCF); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Investment Industry Regulatory Organization of Canada; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; Merrill Lynch (Argentina): Merrill Lynch Argentina SA, regulated by Comisión Nacional de Valores; BofAS Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofAS India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.

This information: has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA

and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofA SE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofA Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSCF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofA India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofA SE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the [Electronic Communications Disclaimers](#) for further information.

This information has been prepared and issued by BofA and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofA and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofA and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofA and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities.

This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the issuer or the market that is anticipated to have a short-term price impact on the equity securities of the issuer. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned herein. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

BofA or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofA or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information.

In the event that the recipient received this information pursuant to a contract between the recipient and BofA for the provision of research services for a separate fee, and in connection therewith BofA may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofA has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofA). If such recipient uses the services of BofA in connection with the sale or purchase of a security referred to herein, BofA may act as principal for its own account or as agent for another person. BofA is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

BofA ESGMeter Methodology:

ESGMeter is a proprietary metric based on quantitative analysis and fundamental analyst inputs that reflects our assessment of a company's Environmental, Social and Governance-related attributes. The ESGMeter is intended to indicate a company's likelihood of experiencing stronger financial stability (higher return on equity and lower earnings and price volatility) over the next three years relative to peer group. There are three ESGMeter levels - Low, Medium, and High - which indicate whether a company has attributes most likely to translate into superior financial stability (in the case of a High level) or weaker financial stability (in the case of a Low level) over the next three years relative to its peer group. A Medium level suggests that a company exhibits ESG characteristics that are likely associated with financial stability results in line with its peer group over the next three years. Full details of our methodology, financial stability definition and disclaimers are available at [BofA ESGMeter methodology](#). ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of the BofA Global Research fundamental equity analyst's investment rating, volatility risk rating, income rating or price objective for that company.

Copyright and General Information:

Copyright 2023 Bank of America Corporation. All rights reserved. iQDatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BofA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Securities. BofA Global Research information is distributed simultaneously to internal and client websites and other portals by BofA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Securities. Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of

law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BofAS or any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BofA Securities is under no obligation to update this information and BofA Securities' ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BofA Securities will not update any fact, circumstance or opinion contained herein.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BofA Securities policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BofAS or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Securities nor any officer or employee of BofA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.