

ING Groep NV

Europe Satellite* Recommended since 30.06.2016 14.03.2024 

Country NL	Market capitalization (bn) EUR 48.9	Perf. since reco. (%)
Sector Banks	Free float 94.9%	ING Groep NV 53.4
Factset INGA-NL	Closing price EUR 14.08	Sector 45.2
ISIN NL0011821202	ESG Risk score* 20.9 Medium risk	

Profile
 ING Group offers banking, investment, life and non-life insurance, pension and asset management services. It operates in the following business segments: Retail Netherlands (25% of Group revenues), Retail Belgium (13%), Retail Germany (11%), Retail Other (19%), Wholesale Banking (29%) and Corporate Line Banking (3%). The Group employs 53,000 people and serves 38.4 million customers in some 40 countries. ING was founded in 1991 and is headquartered in Amsterdam.

Strengths/opportunities

- A leading company in the digital sector, with a few years ahead of the rest of the industry in the integration of its platforms.
- Ability to manage interest margins above industry average.
- High solvency and good quality balance sheet.

Weaknesses/threats

- Exposure to Russia (decreasing and manageable).
- Reliance on net interest income.
- Average growth profile in the Benelux.

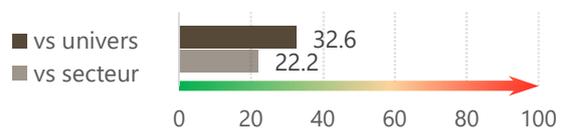
Investment case

- In an environment characterized by greater economic instability, we favour banks with strong balance sheets and robust revenue. ING meets both of these criteria perfectly.
- As regards revenue resilience, ING is a diversified group with good quality loans. Indeed, even if the group holds exposures to Russia, these are diversified, collateralised and not systemic at group level. ING is also well positioned in strong Northern European markets (the Netherlands, Belgium and Germany).
- The Group's rather commercial banking profile exposes it positively to rising interest rates. Moreover, its management has the means to strengthen this impact by recycling its outstanding credit from Dutch mortgages into more lucrative corporate loans.
- Moreover, ING is a robust group that has one of the highest solvency levels in the sector (with a CET 1 of 14.7%) and generates capital quarter over quarter. The Group has EUR 3-4 billion a year of distributable capital in the form of share buy-backs until 2025.

Valuation

The share is trading at a slight and unjustified discount on a PE 24^e basis, for a slightly higher RoE and a dividend yield 5% higher than the sector.

ESG risk vs. universe & sector (percentile)*



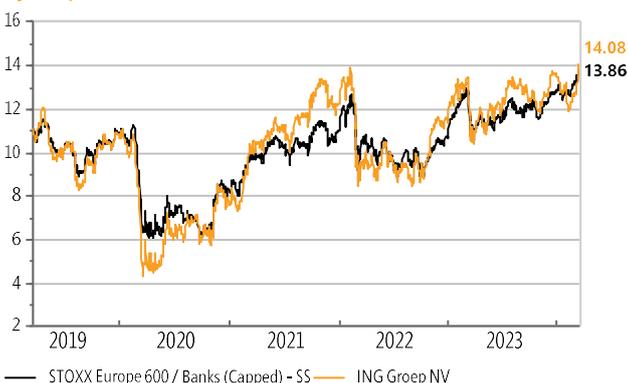
EUR	12/2023	2024e	2025e
Sales revenue (mio)	60'194	21'841	22'165
Sales growth	79.7%	-63.7%	1.5%
EBIT adjusted (mio)	11'067	9'703	9'733
% of sales	18.4%	44.4%	43.9%
Net income (mio)	4'139	5'839	5'795
Net income growth	12.6%	41.1%	-0.8%
CET1	14.7%	13.9%	13.1%
ROE	13.7%	11.4%	11.6%
Dividend yield	7.9%	6.8%	7.5%
PE	11.6x	7.6x	6.8x
P/BV	0.8x	0.9x	0.8x

Factset estimates

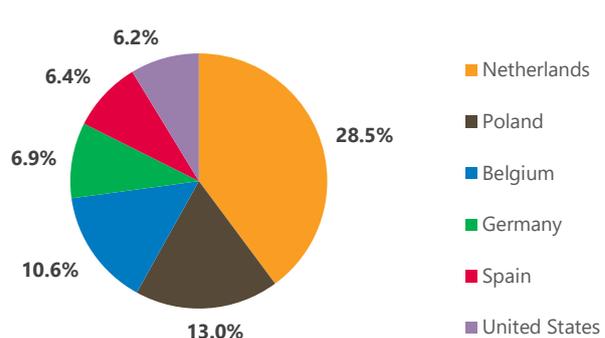
ESG - risks and key points

- ING takes a higher than industry average risk with regard to professional ethics. Shortcomings in customer due diligence were highly controversial in 2018.
- ING lends to controversial sectors (fossil fuels). However, since 2017, the Group has been actively committed to reducing this footprint.
- Data privacy and security are well managed.

5-year performance vs sector



Sales breakdown - 12/2023



*: see overleaf

Source: Factset, Sustainalytics

Glossary

Satellite

From 2015, B&Cie separates its investment recommendations into Core Holdings (higher organic growth potential, high free cash flow, ROCE in excess of the cost of capital and balance sheet efficiency throughout the cycle) and Satellite Recommendations, which do not meet the above criteria but are likely to outperform in the short-to-medium term.

ESG Risk Score

At B&Cie, we take particular care to ensure that the companies in which we recommend investing are sustainable. Accordingly, our selection process takes account of risks relating to environmental, social and governance (ESG) issues. This approach is underpinned by research from Sustainalytics, the global leader in ESG and corporate governance analysis, whose methodology aims to identify major controversies and risks and assess a company's ESG risks relative to both its sector and the investment universe as a whole. The corresponding score is expressed as a percentile: the lower the overall risk score, the lower the risk within the investment universe.

b-Digital, b-Transition & b-Well

Over and above the conventional geographical and sectoral approaches to asset management, at B&Cie we believe the world of tomorrow is being shaped by structural trends. We have identified three main megatrends: ongoing digital globalisation of the economy; economic transition, particularly in the energy sector; and the quest for wellness. We believe selecting and investing in companies that play an active role in these transformations should lead to more resilient portfolios that generate higher long-term returns. Our investment recommendations in the digital globalisation space are labelled "b-Digital", those in the economic transition space "b-Transition" and those in the wellness space "b-Well". A given recommendation may fall under more than one theme, in which case it will carry the relevant matching labels.

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