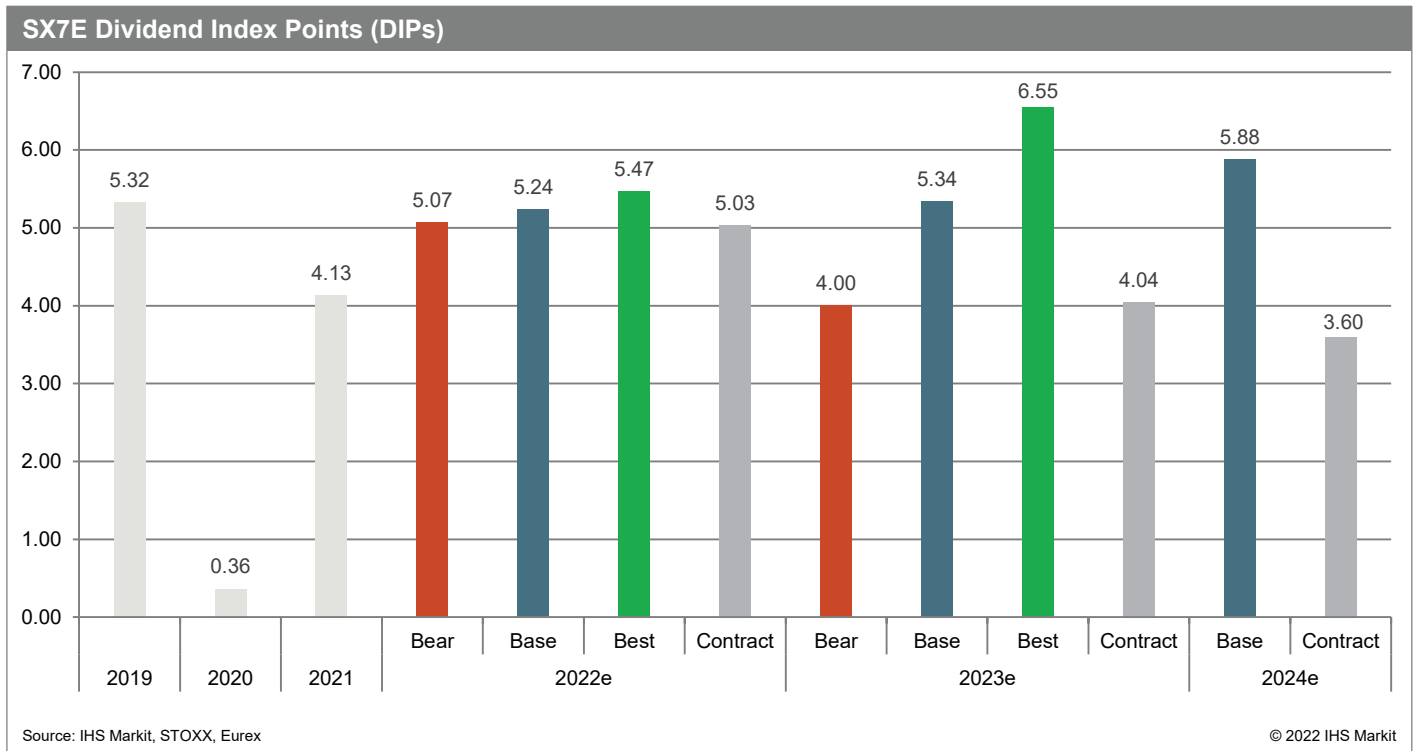


# SX7E DIPs face significant dispersion between market pricing and our dividend estimates

11 July 2022

- Our SX7E Dividend Index Points (DIPs) projections for 2022 at 5.24 points (pts) are 4% above the market. However, from 2023, our estimates deviate significantly from the market (+32% at 5.34 pts versus contract at 4.00 pts).
- The European banks can defend their progressive dividend policies by stopping or delaying the buyback if needed (such as Intesa). They are comfortably capitalized, but there is uncertainty on the calculation of the dividend in case the regulator asks for cautious scenarios (relating to the economic recession and gas shortage from Russia).
- We expect modest growth in the short term as the deterioration in the macroeconomic environment may weigh on the banking dividends despite the benefit of the rising interest rates. We forecast a lower interim dividend from ING and reduced distribution from UniCredit. Société Générale could halve its dividend in our bear-case scenario.
- There is an upside risk for Banco Santander, which has room to raise its low payout ratio of 20%. BNP Paribas benefits from the positive outlook from brokers, and BBVA could positively surprise by reaching a payout ratio of 50%.



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## IHS Markit dividend estimates versus Eurex

| Bank             | Contract date | Eurex price (EUR) | IHS Markit DPS (EUR) | Difference versus Eurex | Comments  |
|------------------|---------------|-------------------|----------------------|-------------------------|---|
| ING              | Dec-22        | 0.53              | 0.54                 | 2%                      | Lower interim dividend owing to lower expected earnings.  |
| ING              | Dec-23        | 0.46              | 0.61                 | 33%                     | We follow a payout ratio of 50%.  |
| BBVA             | Dec-22        | 0.32              | 0.36                 | 12%                     | Dividend payout ratio of 46%. Upside risk toward 50%.   |
| BBVA             | Dec-23        | 0.26              | 0.35                 | 34%                     |   |
| Santander        | Dec-22        | 0.10              | 0.10                 | 1%                      | For FY 2022, cash dividend payout ratio of 20%; rising to 30% in FY 2023.                               |
| Santander        | Dec-23        | 0.09              | 0.11                 | 20%                     |   |
| Intesa Sanpaolo  | Dec-22        | 0.14              | 0.15                 | 7%                      | Flat dividend versus FY 2021 with 70% payout ratio.   |
| Intesa Sanpaolo  | Dec-23        | 0.12              | 0.17                 | 43%                     |   |
| BNP              | Dec-23        | 2.95              | 3.80                 | 29%                     | Modest dividend increase with 50% payout ratio.   |
| Nordea           | Dec-23        | 0.61              | 0.69                 | 13%                     | Flat dividend versus FY 2021 with 70% payout ratio.   |
| Société Générale | Dec-23        | 1.08              | 1.65                 | 53%                     | Flat dividend versus FY 2021. The bank could adjust the payout ratio because of the Russian impairment. |
| Deutsche Bank    | Dec-23        | 0.25              | 0.30                 | 19%                     | The bank aims to increase its dividend to EUR0.30.  |
| UniCredit        | Dec-23        | 0.44              | 0.44                 | 1%                      | Lower dividend using stable payout ratio of 35%.  |

Note: DPS = Dividend per share.

Source: IHS Markit, Eurex

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We have summarised our current DIPs estimates and projected a “bear case” and a “best case” where we take a more pessimistic/optimistic view on the dividends for 2022 and 2023.

## Main dividend and DIPs contributors

| Stock name       | Ex-date   | Base DPS (EUR) | Base DIPs | Bear DPS (EUR) | Bear DIPs | % change | Best DPS (EUR) | Best DIPs | % change |
|------------------|-----------|----------------|-----------|----------------|-----------|----------|----------------|-----------|----------|
| ING              | 8-Aug-22  | 0.130          | 0.110     | 0.105          | 0.089     | -19%     | 0.150          | 0.127     | 15%      |
| BBVA             | 10-Oct-22 | 0.130          | 0.174     | 0.100          | 0.134     | -23%     | 0.170          | 0.228     | 31%      |
| Santander        | 31-Oct-22 | 0.051          | 0.189     | 0.045          | 0.166     | -12%     | 0.070          | 0.259     | 37%      |
| Intesa Sanpaolo  | 21-Nov-22 | 0.073          | 0.287     | 0.055          | 0.217     | -24%     | 0.090          | 0.356     | 24%      |
| Nordea           | 24-Mar-23 | 0.690          | 0.566     | 0.600          | 0.492     | -13%     | 0.720          | 0.591     | 4%       |
| BBVA             | 6-Apr-23  | 0.210          | 0.282     | 0.160          | 0.215     | -24%     | 0.290          | 0.389     | 38%      |
| UniCredit        | 24-Apr-23 | 0.440          | 0.208     | 0.270          | 0.128     | -39%     | 0.600          | 0.284     | 36%      |
| ING              | 25-Apr-23 | 0.400          | 0.338     | 0.230          | 0.195     | -43%     | 0.470          | 0.398     | 18%      |
| Santander        | 28-Apr-23 | 0.051          | 0.189     | 0.045          | 0.166     | -12%     | 0.070          | 0.259     | 37%      |
| Commerzbank      | 11-May-23 | 0.240          | 0.055     | 0.000          | 0.000     | -100%    | 0.300          | 0.069     | 25%      |
| Deutsche Bank    | 18-May-23 | 0.300          | 0.134     | 0.200          | 0.090     | -33%     | 0.400          | 0.179     | 33%      |
| BNP Paribas      | 22-May-23 | 3.800          | 0.937     | 3.000          | 0.739     | -21%     | 4.700          | 1.158     | 24%      |
| Intesa Sanpaolo  | 22-May-23 | 0.079          | 0.312     | 0.055          | 0.217     | -30%     | 0.095          | 0.375     | 20%      |
| Société Générale | 29-May-23 | 1.650          | 0.299     | 0.825          | 0.150     | -50%     | 1.650          | 0.299     | 0%       |
| Crédit Agricole  | 30-May-23 | 0.850          | 0.239     | 0.750          | 0.211     | -12%     | 1.050          | 0.295     | 24%      |
| ING              | 8-Aug-23  | 0.210          | 0.178     | 0.170          | 0.144     | -19%     | 0.252          | 0.213     | 20%      |
| BBVA             | 10-Oct-23 | 0.140          | 0.188     | 0.100          | 0.134     | -29%     | 0.190          | 0.255     | 36%      |
| Santander        | 31-Oct-23 | 0.058          | 0.215     | 0.045          | 0.166     | -22%     | 0.090          | 0.333     | 55%      |
| Intesa Sanpaolo  | 20-Nov-23 | 0.089          | 0.387     | 0.065          | 0.283     | -27%     | 0.105          | 0.457     | 18%      |

Note: DIPs = Dividend Index Points. DPS = Dividend per share.

Source: IHS Markit

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## Customer Care

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