

## BankNordik

Financials  
Denmark

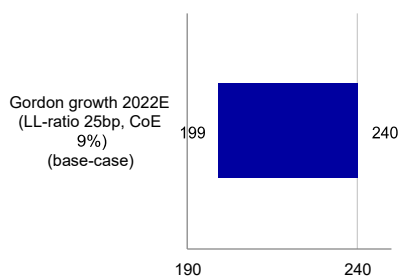
## KEY DATA

|                     |                    |
|---------------------|--------------------|
| Stock country       | Faroe Islands      |
| Bloomberg           | BNORDIK DC         |
| Reuters             | BNORDIK.CO         |
| Share price (close) | DKK 152.5          |
| Free Float          | 65%                |
| Market cap. (bn)    | EUR 0.20/DKK 1.46  |
| Website             | www.banknordik.com |
| Next report date    |                    |

## PERFORMANCE



## VALUATION APPROACH (DKK/SHARE)



## ESTIMATE CHANGES

| Year                      | 2020E | 2021E | 2022E |
|---------------------------|-------|-------|-------|
| Total revenue             | 0%    | -30%  | -39%  |
| Total costs               | 0%    | -37%  | -46%  |
| Profit before loan losses | 0%    | -14%  | -25%  |
| PTP                       | 0%    | 31%   | -31%  |
| DPS (ord)                 | -25%  | 608%  | 544%  |
| EPS (adj)                 | 0%    | 33%   | -31%  |

Source: Nordea estimates

## Nordea Markets - Analysts

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Analyst

## Cash shower ahead

BankNordik will sell its Danish business on 1 March 2021 and we expect that over the next two years it will pay out close to 70% of its current market cap, equivalent to DKK 105 per share. Adjusted for excess capital, BankNordik trades at a 2022E P/E of ~3.4x, which is 50% below Danish peers. We lift 2021E EPS by 33% to reflect a DKK 80m gain on the sale but lower 2022E EPS by 30% due to the divestment. Our Gordon growth-based fair value range is DKK 200-240.

## Back to its roots

BankNordik underwent an IPO in 2007 and the stars were aligned for high profitable growth, but due to the financial crisis and acquisitions in Denmark and Iceland, as well as very tough capital requirements. However, we consider the sale of the Danish business to Spar Nord to be very positive, as the CET1 ratio will return to the pre-IPO level of >30% and pre-provision profitability will improve – the Danish business has contributed only low single-digit returns over the past ten years. We also like the bank's more focused strategy following the divestment and its dominant Faroese market position.

## Strong cost control to continue

It is our impression that BankNordik will be able to take out costs in the Faroe Islands too to offset the share of allocated costs that will no longer be covered by the Danish business. This means EPS in 2022E will only come down by the Danish profit, which is 30% on our estimate. Our 2021E EPS will increase by 33%, as the sales gain will offset the lower profits from Denmark. We estimate a DKK 400m extraordinary dividend to be paid out in H1 2021 and in total we estimate DKK 1bn to be paid out over the next two years. BankNordik's solvency ratio will jump to ~37% after the sale. This is ~7 pp above the total required level, including the MREL requirement of around 30%. We believe BankNordik will be allowed to pay out capital in order to come down to the MREL requirement. As senior non-preferred bonds are issued, another DKK 200m can be paid out, we estimate.

## A more focused but also more volatile bank expected

Following the divestment of the Danish business, BankNordik will be a more focused bank which will offer exposure to the high economic growth in the Faroe Islands (~7% GDP growth in 2020E). Margins are stable as well. On the negative side, earnings could be more volatile due to the lower diversification.

## SUMMARY TABLE - KEY FIGURES

| DKKm                 | 2016   | 2017   | 2018   | 2019   | 2020E  | 2021E  | 2022E  |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| Total revenue        | 641    | 648    | 635    | 658    | 632    | 456    | 399    |
| Total costs          | 461    | 462    | 457    | 473    | 430    | 268    | 230    |
| LL-ratio             | -0.12% | -0.66% | -1.16% | -1.06% | -0.06% | 0.15%  | 0.20%  |
| PTP                  | 267    | 234    | 324    | 261    | 199    | 283    | 163    |
| RoE                  | 11.9%  | 10.1%  | 13.5%  | 9.7%   | 6.7%   | 9.8%   | 6.4%   |
| RoTBV (adj)          | 8.8%   | 10.1%  | 10.2%  | 10.3%  | 6.5%   | 9.6%   | 6.2%   |
| P/E (adj)            | 8.2    | 5.5    | 5.4    | 4.8    | 9.5    | 6.5    | 11.3   |
| P/BV                 | 0.70   | 0.57   | 0.52   | 0.46   | 0.60   | 0.65   | 0.76   |
| P/TBV                | 0.70   | 0.57   | 0.52   | 0.46   | 0.60   | 0.65   | 0.76   |
| BIS III CT1-ratio    | 16.0%  | 17.5%  | 17.6%  | 18.8%  | 22.2%  | 28.7%  | 23.8%  |
| DPS (ord, DKK)       | 6.00   | 4.00   | 7.32   | 7.00   | 4.77   | 50.07  | 50.07  |
| Dividend Yield (ord) | 4.43%  | 3.77%  | 6.74%  | 6.42%  | 3.13%  | 32.83% | 32.83% |
| Total payout ratio   | 0.27   | 0.21   | 0.27   | 0.40   | 0.33   | 2.08   | 3.61   |

Source: Company data and Nordea estimates

# Capital back at historical peak levels

Due to two acquisitions in Denmark plus one in Iceland in 2009-11, as well as high loan losses following the financial crisis, BankNordik's CET1 ratio dropped from 18% at the time of the IPO in 2007 to just below 10% in 2012. Prior to the IPO, the CET1 ratio peaked at 47% in 2004 but was brought down by large dividend payments. Over the past few years, BankNordik's current management has worked successfully to divest the Icelandic and Danish businesses, and with the sale of the Danish retail business to Spar Nord (announced on 22 December 2020) BankNordik has re-established its initial strong capital position (32.5% CET1 ratio), and 87% of the business is now in the Faroe Islands; the remaining 13% is in Greenland. We expect a DKK 445m dividend payout (~30% yield) in 2021 and an additional capital distribution of DKK 475m until early 2023. This could be further increased by DKK 200-300m as senior non-preferred debt is issued.

## Recent years' acquisitions now fully reversed

The strong pre-IPO capital levels will be restored following the sale of the Danish business

In 2004, prior to the 2007 IPO, BankNordik's CET1 ratio was as high as 47%. Through a jumbo dividend in 2005 and additional payouts in 2005 and 2006, it was taken down to 18% in connection with the IPO, which was still very high compared to peer Danish banks at the time. Due to the acquisition of Denmark's Sparbank as well as part of Amagerbanken in 2010 and 2011 plus the acquisition of Icelandic non-life insurer Vörður, and high losses following the financial crisis, the CET1 ratio dropped to just below 10% in 2012. Since then, the CET1 ratio has been gradually increasing year on year, and in 2016 BankNordik decided to run off its Danish corporate business and sell the Icelandic non-life business, as well as paying a DKK 240m extraordinary dividend. The sale of the remaining part of the Danish business will bring the CET1 ratio to 32.5%, which is the highest level since before the jumbo dividend in 2004.

Low single-digit ROE in the Danish business

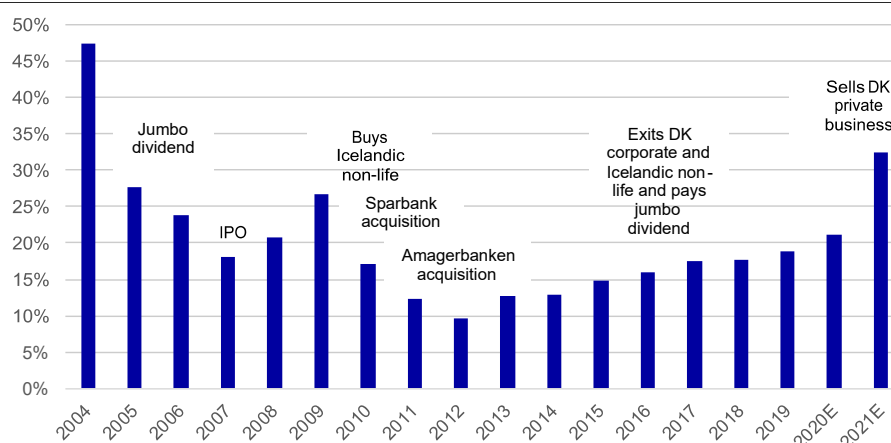
We never really understood the Danish expansion and we believe the current CEO, Árni Ellefsen, has done a good job taking BankNordik back to its roots. We estimate a low single-digit average return on investment for BankNordik in Denmark over the coming years.

Tough capital requirements triggered the sale of the Danish business

The decision to sell the Danish business was triggered by tough new capital requirements for BankNordik, as it has been deemed systemically important in the Faroe Islands given its high market share (~50%). Due to its systemic importance, BankNordik's MREL requirement is close to 30%, but as its relatively small size would make it very expensive to raise senior non-preferred debt, the MREL requirement has hit BankNordik very hard. The Danish business especially has been negatively affected, as BankNordik's small competitors in Denmark are faced with materially lower capital requirements.

The Danish and Icelandic expansion caused the CET1 ratio to decline to just below 10% in 2012. It will now be back at >30%

## HISTORICAL CET1 RATIO LEVELS



Source: Company data and Nordea estimates

The sale of the Danish business will bring BankNordik's total solvency to 37% at the end of Q1 2021, we estimate. This is 8 pp above the total MREL requirement

### Excess capital of DKK ~450m

Due to its systemic importance, BankNordik's total MREL requirement as of Q3 2020 was ~30%, we estimate. The total solvency ratio was 24.9%. BankNordik will not have to meet the total MREL capital requirement until mid-2025, but preparations for the high requirement caused it to keep the dividend payout ratio low in 2017-18 at 20-30% and 0% for 2019 (also due to COVID-19). However, with the sale of the Danish retail business to Spar Nord, BankNordik's total solvency ratio will jump to 37% in Q1 2021E, which is ~7 pp above the Q3 2020 MREL requirement. We estimate a small 50 bp increase in the MREL requirement following the sale of the Danish retail business, as the systemic risk buffer in the Faroe Islands will be given a higher weight in the group capital requirement. BankNordik stated in its 22 December announcement that the total solvency ratio will jump to 36%. We estimate 37% due to Q4 2020 and Q1 2021 profit accumulation. We also assume DKK 50m less AT1 capital than the Q3 2020 level.

DKK 450m of excess capital following the sale of the Danish business

As it is clear from the second table below, using a 30% MREL target, BankNordik will have DKK ~450m of excess capital above the total MREL requirement following the sale of the Danish business, and we estimate a total extraordinary dividend in 2021 of DKK 400m. BankNordik will have DKK 805m of total excess capital, but we believe the remaining DKK ~450m will be paid out gradually as senior non-preferred debt is issued. We expect BankNordik to start issuing senior non-preferred debt in 2021.

We believe BankNordik will pay its special dividend in Q2 2021 and we expect an ordinary dividend of DKK 45m to be paid in the spring of 2021

It is uncertain when BankNordik will be allowed to pay out its excess capital, due to COVID-19, but as the excess capital is a consequence of a divestment and as we believe the bank will "only" pay out capital above the MREL requirement, we find it likely that it could be allowed to pay out its excess capital in H1 2021. If not, later in 2021 seems very realistic, in our view. We believe BankNordik would have to pay around 2% for senior non-preferred debt in the current market. That is, paying out the remaining DKK ~400m would impact earnings by roughly DKK 8m or ~5% in 2022E. As the 2025 MREL requirement will be met four years in advance, we also find it likely that BankNordik can resume normal dividends when COVID-19 dividend restrictions are lifted. We estimate that it will pay out DKK 1bn in total until early 2023 excluding potential debt issuance and DKK 1.2bn including potential debt issuance. This corresponds to 83% of BankNordik's market cap.

We estimate that the MREL requirement will increase only slightly following the sale of the Danish business

#### SOLVENCY AND MREL REQUIREMENT, Q3 2020

|                                   | Q3 20        | Post DK sale |
|-----------------------------------|--------------|--------------|
| Min CET1                          | 4.5%         | 4.5%         |
| Capital conservation              | 2.5%         | 2.5%         |
| SIFI buffer                       | 2.0%         | 2.0%         |
| Systemic risk buffer              | 1.2%         | 1.7%         |
| CET1 share of P2                  | 1.1%         | 1.1%         |
| <b>Total CET1</b>                 | <b>11.3%</b> | <b>11.8%</b> |
| AT1                               | 1.5%         | 1.5%         |
| AT1 share of P2                   | 0.4%         | 0.4%         |
| <b>Total tier 1</b>               | <b>13.1%</b> | <b>13.6%</b> |
| Tier 2                            | 2.0%         | 2.0%         |
| Tier 2 share of P2                | 0.5%         | 0.5%         |
| <b>Total solvency requirement</b> | <b>15.6%</b> | <b>16.1%</b> |
| <b>Total MREL</b>                 | <b>30.0%</b> | <b>30.5%</b> |

Source: Company data and Nordea estimates

#### EXCESS CAPITAL VS SOLVENCY AND MREL REQUIREMENTS

|                                       | Q3 20        | Post DK sale |
|---------------------------------------|--------------|--------------|
| Solvency                              | 24.9%        | 36.0%        |
| Solvency requirement                  | 13.7%        | 14.2%        |
| Solvency target                       | 23.0%        | 24.50%       |
| Excess capital to requirement in DKKm | 1,107        | 1,526        |
| Excess capital to target in DKKm      | 188          | 805          |
| <b>MREL</b>                           | <b>24.9%</b> | <b>37.0%</b> |
| MREL requirement                      | 30.0%        | 30.5%        |
| Excess to requirement in DKKm         | -503         | 456          |

Source: Company data and Nordea estimates

DKK 500m MREL capital deficit will be turned into a DKK 456m surplus

# Estimates and valuation

We lower 2022E EPS by 30% owing to the divestment of the Danish business but lift 2021E EPS by 33% due to a capital gain on the divestment. We estimate a DKK 4.8 dividend per share for 2020 to be paid in the spring of 2021 and we expect a DKK ~40 extraordinary dividend per share to be paid in late Q2 2021. In total, we estimate a dividend per share of DKK 50 for 2021 and 2022. The Danish banking peer group trades at a 2022E P/E of 8.6x on average, but the majority of the banks trade at ~7x. Adjusted for the expected capital distribution, BankNordik trades at 3.4x. We derive a Gordon growth model-based fair value range of DKK 199-240. On the negative side, BankNordik's earnings are likely to become more volatile going forward, as diversification will be lower. We consider risk related to the deal to be low, but the fundamental valuation is largely dependent on a sale actually happening.

## We lower 2022E EPS by 30%

In view of the divestment of the Danish business, we lower 2022E EPS by 30%. We expect BankNordik to be able to take out costs in the Faroe Islands, which will also cover the costs allocated to the Danish business. For 2021E, we lift EPS by 33%, as we include a DKK 80m post-tax capital gain relating to the sale of the Danish business. We lift our dividend estimates materially to DKK 50 per share for 2021 and 2022. The majority of this will consist of extraordinary dividends, which we expect to be paid out in mid-2021 and mid-2022. For 2020, we estimate a DPS of DKK 4.8. This corresponds to a 30% payout ratio, which we believe is in accordance with the updated dividend guidelines from the Danish FSA in December 2020.

## CHANGES TO OUR ESTIMATES

|                                      | 2020E         | 2021E       | 2022E       | 2020E               | 2021E       | 2022E       | 2020E         | 2021E       | 2022E       |
|--------------------------------------|---------------|-------------|-------------|---------------------|-------------|-------------|---------------|-------------|-------------|
| DKKm                                 | New estimates |             |             | Change in estimates |             |             | Old estimates |             |             |
| Net interest income                  | 355           | 294         | 260         | 0%                  | -18%        | -28%        | 355           | 358         | 359         |
| Net fee and commission income        | 197           | 85          | 65          | 0%                  | -57%        | -68%        | 197           | 200         | 205         |
| Net insurance income                 | 44            | 46          | 46          | 0%                  | 0%          | 1%          | 44            | 46          | 46          |
| Other income                         | 37            | 31          | 28          | 0%                  | -29%        | -38%        | 37            | 43          | 45          |
| <b>Total Income</b>                  | <b>632</b>    | <b>456</b>  | <b>399</b>  | <b>0%</b>           | <b>-30%</b> | <b>-39%</b> | <b>632</b>    | <b>646</b>  | <b>655</b>  |
| <b>Total Expenses</b>                | <b>-430</b>   | <b>-268</b> | <b>-230</b> | <b>0%</b>           | <b>-37%</b> | <b>-46%</b> | <b>-430</b>   | <b>-429</b> | <b>-429</b> |
| <b>Profit before loan losses</b>     | <b>202</b>    | <b>188</b>  | <b>170</b>  | <b>0%</b>           | <b>-14%</b> | <b>-25%</b> | <b>202</b>    | <b>218</b>  | <b>226</b>  |
| Loan losses                          | 6             | -15         | -15         | 0%                  | 50%         | -           | 6             | -10         | 0           |
| <b>Operating profits</b>             | <b>208</b>    | <b>173</b>  | <b>155</b>  | <b>0%</b>           | <b>-17%</b> | <b>-32%</b> | <b>208</b>    | <b>208</b>  | <b>226</b>  |
| Earning from investment portfolio    | -8            | 8           | 8           | 0%                  | 0%          | 0%          | -8            | 8           | 8           |
| Non-recurring and industry solutions | 0             | 103         | 0           | -                   | -           | -           | 0             | 0           | 0           |
| <b>Profit before tax</b>             | <b>199</b>    | <b>283</b>  | <b>163</b>  | <b>0%</b>           | <b>31%</b>  | <b>-31%</b> | <b>199</b>    | <b>216</b>  | <b>234</b>  |
| Taxes                                | -42           | -55         | -31         | 0%                  | 28%         | -34%        | -42           | -43         | -47         |
| <b>Net profit</b>                    | <b>158</b>    | <b>228</b>  | <b>132</b>  | <b>0%</b>           | <b>32%</b>  | <b>-30%</b> | <b>158</b>    | <b>173</b>  | <b>187</b>  |
| <b>EPS adj, DKK</b>                  | <b>16.0</b>   | <b>23.5</b> | <b>13.5</b> | <b>0%</b>           | <b>33%</b>  | <b>-30%</b> | <b>16.0</b>   | <b>17.7</b> | <b>19.4</b> |
| <b>DPS, DKK</b>                      | <b>4.8</b>    | <b>50.1</b> | <b>50.1</b> | <b>-25%</b>         | <b>610%</b> | <b>547%</b> | <b>6.4</b>    | <b>7.1</b>  | <b>7.7</b>  |

Source: Company data and Nordea estimates

## 50% P/E discount to closest peers

The majority of the Danish banking peer group is trading at a 2022E P/E of ~7x. Following the divestment of the Danish business and adjusting for excess capital, BankNordik will trade at a 2022E P/E of 3.4x, which is roughly 50% below peers. Our fundamental Gordon growth valuation model indicates a fair value range of DKK 199-240 based on 2022E earnings and including the high capital distribution.

## DANISH BANKS: VALUATION

| 01/01/2021             | Mcap          |              | Daily                             |              |             |                             |              | Absolute Performance |                 |              | Consensus 2021E EPS rev. |              |               |
|------------------------|---------------|--------------|-----------------------------------|--------------|-------------|-----------------------------|--------------|----------------------|-----------------|--------------|--------------------------|--------------|---------------|
|                        | (EURm)        | Price        | vol EURm                          | FV           | Potential   | Rating                      |              | -1M                  | -3M             | -12M         | -3M                      | -6M          | -12M          |
| Danske                 | 11,880        | 100.7        | 38.3                              | 111          | 10%         | Hold                        |              | -2.1%                | 16.9%           | -6.6%        | 6.1%                     | 4.2%         | -27.6%        |
| Nordea                 | 29,299        | 6.7          | na                                | -            | -           | No rating                   |              | -6.7%                | 2.5%            | -11.1%       | -1.2%                    | 8.9%         | 7.0%          |
| Jyske Bank             | 2,280         | 233.1        | 6.4                               | 240          | 3%          | Hold                        |              | -0.6%                | 30.2%           | -4.1%        | 6.1%                     | -0.7%        | -21.1%        |
| Sydbank                | 1,018         | 134.5        | 2.6                               | 143          | 6%          | Buy                         |              | 3.9%                 | 35.0%           | -3.8%        | 9.7%                     | -4.4%        | -6.1%         |
| Spar Nord              | 985           | 59.8         | 1.0                               | 56           | -6%         | Hold                        |              | -2.6%                | 26.0%           | -7.6%        | 2.9%                     | 6.5%         | -9.4%         |
| Ringkjøbing            | 2,137         | 554.0        | 1.8                               | 565          | 2%          | Buy                         |              | 2.4%                 | 14.9%           | 7.8%         | 7.4%                     | 10.6%        | -10.0%        |
| <b>Average</b>         | <b>6,824</b>  |              |                                   |              |             |                             |              | <b>-1.0%</b>         | <b>20.9%</b>    | <b>-4.2%</b> | <b>5.2%</b>              | <b>4.2%</b>  | <b>-11.2%</b> |
|                        |               |              |                                   |              |             |                             |              |                      |                 |              |                          |              |               |
| P/PPP                  |               |              | P/E adj.                          |              |             | P/E                         |              |                      | P/E, consensus  |              |                          |              |               |
|                        | 2020E         | 2021E        | 2022E                             | 2020E        | 2021E       | 2022E                       | 2020E        | 2021E                | 2022E           | 2020E        | 2021E                    | 2022E        |               |
| Danske                 | 6.2x          | 5.0x         | 4.5x                              | 19.7x        | 8.0x        | 6.9x                        | 17.5x        | 7.7x                 | 6.6x            | 21.1x        | 10.4x                    | 7.5x         |               |
| Nordea                 | 7.0x          | 6.3x         | 5.9x                              | 12.3x        | 9.2x        | 8.5x                        | 12.2x        | 9.3x                 | 8.5x            | 12.5x        | 10.0x                    | 9.1x         |               |
| Jyske Bank             | 6.1x          | 5.7x         | 4.8x                              | 15.1x        | 8.5x        | 7.1x                        | 13.8x        | 7.8x                 | 6.6x            | 15.5x        | 10.1x                    | 8.0x         |               |
| Sydbank                | 7.0x          | 6.0x         | 5.0x                              | 10.9x        | 9.7x        | 7.5x                        | 10.5x        | 9.3x                 | 7.3x            | 10.7x        | 10.2x                    | 8.2x         |               |
| Spar Nord              | 6.1x          | 5.8x         | 5.4x                              | 11.5x        | 9.1x        | 8.1x                        | 10.4x        | 8.4x                 | 7.6x            | 11.5x        | 10.0x                    | 9.2x         |               |
| Ringkjøbing            | 11.7x         | 10.6x        | 10.1x                             | 17.7x        | 14.6x       | 13.3x                       | 18.0x        | 14.8x                | 13.5x           | 17.9x        | 15.2x                    | 13.8x        |               |
| <b>Average</b>         | <b>7.4x</b>   | <b>6.6x</b>  | <b>6.0x</b>                       | <b>14.5x</b> | <b>9.9x</b> | <b>8.6x</b>                 | <b>13.7x</b> | <b>9.6x</b>          | <b>8.3x</b>     | <b>14.9x</b> | <b>11.0x</b>             | <b>9.3x</b>  |               |
|                        |               |              |                                   |              |             |                             |              |                      |                 |              |                          |              |               |
| ROE                    |               |              | ROTBV                             |              |             | P/BV                        |              |                      | P/TBV           |              |                          |              |               |
|                        | 2020E         | 2021E        | 2022E                             | 2020E        | 2021E       | 2022E                       | 2020E        | 2021E                | 2022E           | 2020E        | 2021E                    | 2022E        |               |
| Danske                 | 3.1%          | 6.8%         | 7.5%                              | 2.9%         | 6.9%        | 7.6%                        | 0.54x        | 0.51x                | 0.49x           | 0.57x        | 0.54x                    | 0.51x        |               |
| Nordea                 | 7.2%          | 9.2%         | 9.6%                              | 8.1%         | 10.5%       | 11.0%                       | 0.87x        | 0.84x                | 0.81x           | 0.99x        | 0.95x                    | 0.92x        |               |
| Jyske Bank             | 3.8%          | 6.2%         | 6.7%                              | 3.5%         | 5.7%        | 6.2%                        | 0.51x        | 0.47x                | 0.42x           | 0.51x        | 0.47x                    | 0.42x        |               |
| Sydbank                | 6.7%          | 7.1%         | 8.7%                              | 6.7%         | 7.1%        | 8.7%                        | 0.68x        | 0.66x                | 0.61x           | 0.70x        | 0.68x                    | 0.63x        |               |
| Spar Nord              | 7.6%          | 8.9%         | 9.4%                              | 7.1%         | 8.4%        | 8.9%                        | 0.77x        | 0.73x                | 0.69x           | 0.78x        | 0.74x                    | 0.70x        |               |
| Ringkjøbing            | 11.4%         | 12.9%        | 13.1%                             | 13.4%        | 14.8%       | 14.9%                       | 1.99x        | 1.82x                | 1.70x           | 2.28x        | 2.07x                    | 1.91x        |               |
| <b>Average</b>         | <b>6.6%</b>   | <b>8.5%</b>  | <b>9.2%</b>                       | <b>6.9%</b>  | <b>8.9%</b> | <b>9.6%</b>                 | <b>0.9x</b>  | <b>0.8x</b>          | <b>0.8x</b>     | <b>1.0x</b>  | <b>0.9x</b>              | <b>0.8x</b>  |               |
|                        |               |              |                                   |              |             |                             |              |                      |                 |              |                          |              |               |
| Dividend yield (total) |               |              | Buyback yield (in yr carried out) |              |             | Dividend payout ratio (ord) |              |                      | CT1 BIS III     |              |                          |              |               |
|                        | 2020E         | 2021E        | 2022E                             | 2020E        | 2021E       | 2022E                       | 2020E        | 2021E                | 2022E           | 2020E        | 2021E                    | 2022E        |               |
| Danske                 | 0%            | 6%           | 7%                                | 0%           | 0%          | 0%                          | 0%           | 46%                  | 50%             | 18.0%        | 18.3%                    | 18.6%        |               |
| Nordea                 | 6%            | 8%           | 8%                                | 0%           | 0%          | 0%                          | 70%          | 70%                  | 70%             | 16.7%        | 16.7%                    | 17.1%        |               |
| Jyske Bank             | 0%            | 0%           | 0%                                | 3%           | 9%          | 9%                          | 6%           | 3%                   | 3%              | 17.7%        | 16.9%                    | 16.5%        |               |
| Sydbank                | 5%            | 5%           | 7%                                | 0%           | 0%          | 3%                          | 50%          | 46%                  | 49%             | 18.7%        | 19.7%                    | 20.4%        |               |
| Spar Nord              | 4%            | 6%           | 6%                                | 0%           | 0%          | 0%                          | 43%          | 47%                  | 47%             | 16.7%        | 16.6%                    | 16.6%        |               |
| Ringkjøbing            | 2%            | 2%           | 3%                                | 0%           | 0%          | 2%                          | 39%          | 35%                  | 34%             | 17.8%        | 17.8%                    | 18.4%        |               |
| <b>Average</b>         | <b>2.9%</b>   | <b>4.5%</b>  | <b>5.3%</b>                       | <b>0.6%</b>  | <b>1.5%</b> | <b>2.3%</b>                 | <b>34.7%</b> | <b>41.2%</b>         | <b>42.1%</b>    | <b>17.6%</b> | <b>17.7%</b>             | <b>17.9%</b> |               |
|                        |               |              |                                   |              |             |                             |              |                      |                 |              |                          |              |               |
| Adj. EPS growth        |               |              | Lending growth                    |              |             | Adj. C/I                    |              |                      | Loan loss-ratio |              |                          |              |               |
|                        | 2020E         | 2021E        | 2022E                             | 2020E        | 2021E       | 2022E                       | 2020E        | 2021E                | 2022E           | 2020E        | 2021E                    | 2022E        |               |
| Danske                 | -62.5%        | 145.0%       | 16.6%                             | -0.6%        | 1.4%        | 2.5%                        | 68%          | 61%                  | 57%             | 0.38%        | 0.16%                    | 0.14%        |               |
| Nordea                 | -12.0%        | 33.0%        | 8.4%                              | -2.6%        | 2.4%        | 2.0%                        | 55%          | 52%                  | 49%             | 0.30%        | 0.14%                    | 0.13%        |               |
| Jyske Bank             | -46.5%        | 77.4%        | 19.9%                             | -4.0%        | -16.5%      | 2.1%                        | 64%          | 64%                  | 62%             | 0.23%        | 0.05%                    | 0.05%        |               |
| Sydbank                | -10.1%        | 13.1%        | 29.5%                             | 1.2%         | 6.8%        | 1.9%                        | 72%          | 72%                  | 67%             | 0.08%        | 0.16%                    | 0.15%        |               |
| Spar Nord              | -33.2%        | 26.2%        | 12.4%                             | -2.8%        | 3.0%        | 3.0%                        | 66%          | 64%                  | 62%             | 0.73%        | 0.36%                    | 0.27%        |               |
| Ringkjøbing            | -6.9%         | 21.5%        | 9.6%                              | 0.5%         | 4.0%        | 4.0%                        | 36%          | 34%                  | 33%             | 0.64%        | 0.42%                    | 0.27%        |               |
| <b>Average</b>         | <b>-28.6%</b> | <b>52.7%</b> | <b>16.1%</b>                      | <b>-1.4%</b> | <b>0.2%</b> | <b>2.6%</b>                 | <b>60%</b>   | <b>58%</b>           | <b>55%</b>      | <b>0.39%</b> | <b>0.21%</b>             | <b>0.17%</b> |               |

Source: Company data, Refinitiv and Nordea estimates

# Reported numbers and forecasts

## QUARTERLY KEY DATA

### SHARE DATA

| DKKm                                 | Q1 19  | Q2 19  | Q3 19  | Q4 19  | Q1 20 | Q2 20  | Q3 20  | Q4 20E |
|--------------------------------------|--------|--------|--------|--------|-------|--------|--------|--------|
| EPS, DKK                             | 5.54   | 6.83   | 4.23   | 5.09   | -2.56 | 8.68   | 6.85   | 3.65   |
| EPS adj, DKK                         | 5.54   | 6.83   | 4.23   | 6.21   | -2.56 | 8.68   | 6.85   | 3.65   |
| BVPS                                 | n.a.   | n.a.   | n.a.   | n.a.   | n.a.  | n.a.   | n.a.   | n.a.   |
| TVBS                                 | n.a.   | n.a.   | n.a.   | n.a.   | n.a.  | n.a.   | n.a.   | n.a.   |
| DPS, DKK                             |        |        |        |        |       |        |        |        |
| Dividend pay-out ratio               |        |        |        |        |       |        |        |        |
| Share repurchases (per share)        | 0.00   | 0.00   | 0.00   | 0.00   | 0.00  | 0.00   | 0.00   | 0.00   |
| Total pay-out ratio                  | 0%     | 0%     | 0%     | 0%     | 0%    | 0%     | 0%     | 0%     |
| Share price (period end)             | 110.00 | 109.00 | 102.50 | 109.00 | 99.00 | 101.00 | 110.00 | 152.00 |
| Market cap. (m)                      | 1,050  | 1,038  | 977    | 1,036  | 939   | 958    | 1,044  | 1,447  |
| Dil. number of shares period end (m) | 10     | 10     | 10     | 10     | 9     | 9      | 9      | 9      |

### VALUATION

| (x)            | Q1 19 | Q2 19 | Q3 19 | Q4 19 | Q1 20 | Q2 20 | Q3 20 | Q4 20E |
|----------------|-------|-------|-------|-------|-------|-------|-------|--------|
| P/E            | 5.0   | 4.0   | 6.1   | 5.4   | n.m.  | 2.9   | 4.0   | 10.4   |
| P/E (adj.)     | 5.0   | 4.0   | 6.1   | 4.4   | n.m.  | 2.9   | 4.0   | 10.4   |
| P/BV           | n.a.  | n.a.  | n.a.  | n.a.  | n.a.  | n.a.  | n.a.  | n.a.   |
| P/TBV          | n.a.  | n.a.  | n.a.  | n.a.  | n.a.  | n.a.  | n.a.  | n.a.   |
| Dividend yield |       |       |       |       |       |       |       |        |
| Total yield    |       |       |       |       |       |       |       |        |

### CAPITAL RATIOS

| %                        | Q1 19 | Q2 19 | Q3 19 | Q4 19 | Q1 20 | Q2 20 | Q3 20 | Q4 20E |
|--------------------------|-------|-------|-------|-------|-------|-------|-------|--------|
| BIS II Trans. CET1-ratio | n.m.  | n.m.  | n.m.  | n.m.  | n.m.  | n.m.  | n.m.  | n.m.   |
| BIS II Trans. T1-ratio   | n.m.  | n.m.  | n.m.  | n.m.  | n.m.  | n.m.  | n.m.  | n.m.   |
| BIS II Trans. T2-ratio   | n.m.  | n.m.  | n.m.  | n.m.  | n.m.  | n.m.  | n.m.  | n.m.   |
| BIS III CET1-ratio       | 17.2% | 17.5% | 17.5% | 18.8% | 19.8% | 20.3% | 21.1% | 22.2%  |
| BIS III T1-ratio         | 17.2% | 17.5% | 18.9% | 20.2% | 21.2% | 21.8% | 22.6% | 23.7%  |
| BIS III T2-ratio         | 19.2% | 19.6% | 21.0% | 22.3% | 23.3% | 24.0% | 24.9% | 26.0%  |
| Tang. Equity/Assets      | 11.2% | 11.4% | 12.5% | 12.4% | 13.2% | 13.7% | 14.1% | 14.3%  |
| Tang. Equity/Lending     | 19.6% | 20.1% | 22.1% | 22.7% | 22.4% | 23.4% | 24.1% | 24.3%  |
| Leverage ratio           | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%   |

### CREDIT QUALITY

| DKKm                                | Q1 19  | Q2 19  | Q3 19  | Q4 19  | Q1 20 | Q2 20  | Q3 20  | Q4 20E |
|-------------------------------------|--------|--------|--------|--------|-------|--------|--------|--------|
| Impaired loans                      | 0      | 0      | 0      | 0      | 0     | 0      | 0      | 0      |
| Loan loss reserves                  | 590    | 539    | 528    | 496    | 511   | 483    | 471    | 469    |
| Coverage ratio                      | n.m.   | n.m.   | n.m.   | n.m.   | n.m.  | n.m.   | n.m.   | n.m.   |
| Loan loss reserves / Total loans    | 5.91%  | 5.38%  | 5.27%  | 4.99%  | 5.14% | 4.87%  | 4.78%  | 4.76%  |
| Impaired loans / Total loans        | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00% | 0.00%  | 0.00%  | 0.00%  |
| Collective/total provisions         | 0%     | 0%     | 0%     | 0%     | 0%    | 0%     | 0%     | 0%     |
| Perf. Impaired loans/Impaired loans | n.a.   | n.a.   | n.a.   | n.a.   | n.a.  | n.a.   | n.a.   | n.a.   |
| Loan loss ratio                     | -0.76% | -2.12% | -0.36% | -0.98% | 0.96% | -0.87% | -0.32% | 0.00%  |
| Growth loan loss reserves (y/y)     | 18%    | -2%    | 3%     | -18%   | -13%  | -10%   | -11%   | -6%    |
| Growth impaired loans (y/y)         | n.a.   | n.a.   | n.a.   | n.a.   | n.a.  | n.a.   | n.a.   | n.a.   |

### PROFITABILITY

| Adjusted for non-rec. Items | Q1 19  | Q2 19  | Q3 19  | Q4 19  | Q1 20  | Q2 20  | Q3 20  | Q4 20E |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| RoE                         | 10.7%  | 13.0%  | 7.6%   | 10.6%  | -4.3%  | 14.4%  | 11.1%  | 5.8%   |
| RoTBV                       | 10.8%  | 13.1%  | 7.6%   | 10.6%  | -4.3%  | 14.5%  | 11.1%  | 5.8%   |
| C/I                         | -75.9% | -73.5% | -70.1% | -68.5% | -70.5% | -69.0% | -61.8% | -71.4% |
| NII-margin                  | 3.65%  | 3.61%  | 3.61%  | 3.81%  | 3.53%  | 3.61%  | 3.61%  | 3.61%  |

### REVENUE DISTRIBUTION

| Adjusted for non-rec. Items            | Q1 19 | Q2 19 | Q3 19 | Q4 19 | Q1 20 | Q2 20 | Q3 20 | Q4 20E |
|--|-------|-------|-------|-------|-------|-------|-------|--------|
| Net Interest Income                    | 57%   | 56%   | 55%   | 55%   | 57%   | 58%   | 54%   | 56%    |
| Net Commission Income                  | 30%   | 28%   | 28%   | 29%   | 35%   | 29%   | 30%   | 31%    |
| Net result from financial transactions | n.a.  | n.a.  | n.a.  | n.a.  | n.a.  | n.a.  | n.a.  | n.a.   |
| Net insurance income                   | n.a.  | n.a.  | n.a.  | n.a.  | n.a.  | n.a.  | n.a.  | n.a.   |
| Other Income                           | 7%    | 7%    | 8%    | 8%    | 6%    | 5%    | 6%    | 7%     |

Source: Company data and Nordea estimates

## QUARTERLY INCOME STATEMENT AND BALANCE SHEET

## INCOME STATEMENT

| DKKm                                   | Q1 19      | Q2 19      | Q3 19      | Q4 19      | Q1 20      | Q2 20      | Q3 20      | Q4 20E     |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| Net Interest Income                    | 91         | 90         | 90         | 95         | 88         | 89         | 89         | 89         |
| Net Commission Income                  | 48         | 45         | 47         | 49         | 54         | 45         | 49         | 49         |
| Net result from financial transactions | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       |
| Net insurance income                   | 9          | 15         | 15         | 14         | 4          | 12         | 18         | 10         |
| Other income                           | 11         | 11         | 13         | 14         | 9          | 8          | 9          | 11         |
| <b>Total revenues</b>                  | <b>158</b> | <b>163</b> | <b>165</b> | <b>172</b> | <b>154</b> | <b>154</b> | <b>166</b> | <b>158</b> |
| Staff costs                            | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       |
| Other operating costs                  | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       |
| Depreciation                           | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       |
| <b>Total Expenses</b>                  | <b>120</b> | <b>119</b> | <b>116</b> | <b>117</b> | <b>109</b> | <b>106</b> | <b>102</b> | <b>113</b> |
| <b>Profit before loan losses</b>       | <b>38</b>  | <b>43</b>  | <b>49</b>  | <b>54</b>  | <b>45</b>  | <b>48</b>  | <b>63</b>  | <b>45</b>  |
| Loan losses                            | 19         | 53         | 9          | 25         | -24        | 22         | 8          | 0          |
| Write-downs on assets                  | 0          | 0          | 0          | -13        | 0          | 0          | 0          | 0          |
| <b>Operating profit</b>                | <b>65</b>  | <b>86</b>  | <b>50</b>  | <b>59</b>  | <b>-30</b> | <b>103</b> | <b>82</b>  | <b>43</b>  |
| Taxes                                  | -12        | -21        | -10        | -11        | 5          | -21        | -17        | -9         |
| Discontinued operations                | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       |
| Minority interest                      | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       |
| <b>Net profit to equity</b>            | <b>53</b>  | <b>65</b>  | <b>40</b>  | <b>48</b>  | <b>-24</b> | <b>82</b>  | <b>65</b>  | <b>35</b>  |

## BALANCE SHEET

| DKKm   | Q1 19         | Q2 19         | Q3 19         | Q4 19         | Q1 20         | Q2 20         | Q3 20         | Q4 20E        |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Cash / Interbank                             | 349           | 367           | 404           | 252           | 158           | 187           | 141           | 141           |
| Loans to credit institutions                 | 671           | 965           | 729           | 878           | 471           | 913           | 1,257         | 1,257         |
| Loans to the public                          | 10,006        | 10,053        | 9,983         | 9,909         | 9,971         | 9,880         | 9,829         | 9,865         |
| Goodwill and other intangibles               | 8             | 8             | 9             | 10            | 11            | 11            | 12            | 12            |
| <b>Total assets</b>                          | <b>17,417</b> | <b>17,715</b> | <b>17,619</b> | <b>18,173</b> | <b>16,940</b> | <b>16,868</b> | <b>16,747</b> | <b>16,782</b> |
| <b>Interbank/owed to credit institutions</b> | <b>83</b>     | <b>151</b>    | <b>368</b>    | <b>55</b>     | <b>482</b>    | <b>52</b>     | <b>47</b>     | <b>47</b>     |
| Deposits                                     | 14,481        | 14,587        | 14,287        | 15,164        | 13,534        | 13,777        | 13,613        | 13,613        |
| Subordinated loans                           | 224           | 224           | 224           | 224           | 224           | 224           | 225           | 225           |
| Minority interest                            | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| Shareholders equity                          | 1,965         | 2,031         | 2,213         | 2,263         | 2,239         | 2,321         | 2,379         | 2,412         |
| <b>Total equity and liabilities</b>          | <b>17,417</b> | <b>17,715</b> | <b>17,619</b> | <b>18,173</b> | <b>16,940</b> | <b>16,868</b> | <b>16,747</b> | <b>16,782</b> |
| Loans to deposits                            | 69%           | 69%           | 70%           | 65%           | 74%           | 72%           | 72%           | 72%           |
| Non-mortg. loans to deposits                 | 69%           | 69%           | 70%           | 65%           | 74%           | 72%           | 72%           | 72%           |
| LCR  | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          |
| NSFR   | 0%            | 0%            | 0%            | 0%            | 0%            | 0%            | 0%            | 0%            |

## GROWTH (Y/Y)

| Adjusted for non rec.items  | Q1 19      | Q2 19      | Q3 19       | Q4 19      | Q1 20       | Q2 20       | Q3 20       | Q4 20E      |
|-----------------------------|------------|------------|-------------|------------|-------------|-------------|-------------|-------------|
| Net interest income         | -3%        | -3%        | -4%         | 3%         | -4%         | -1%         | -2%         | -6%         |
| Net commission income       | 9%         | 6%         | 10%         | 15%        | 13%         | -1%         | 4%          | -1%         |
| <b>Total Revenues</b>       | <b>-2%</b> | <b>4%</b>  | <b>4%</b>   | <b>10%</b> | <b>-3%</b>  | <b>-5%</b>  | <b>0%</b>   | <b>-8%</b>  |
| Staff costs                 | n.a.       | n.a.       | n.a.        | n.a.       | n.a.        | n.a.        | n.a.        | n.a.        |
| <b>Total expenses</b>       | <b>5%</b>  | <b>3%</b>  | <b>5%</b>   | <b>2%</b>  | <b>-10%</b> | <b>-11%</b> | <b>-12%</b> | <b>-4%</b>  |
| Profit before loan losses   | -19%       | 5%         | 1%          | 30%        | 19%         | 11%         | 28%         | -16%        |
| Operating profit            | -9%        | 76%        | -41%        | 92%        | n.m.        | 20%         | 63%         | -40%        |
| <b>Net profit to equity</b> | <b>-8%</b> | <b>52%</b> | <b>-38%</b> | <b>80%</b> | <b>n.m.</b> | <b>27%</b>  | <b>61%</b>  | <b>-41%</b> |
| Loans to the public (rep)   | 4%         | 3%         | 0%          | 0%         | 0%          | -2%         | -2%         | 0%          |
| Deposits                    | 7%         | 7%         | 5%          | 9%         | -7%         | -6%         | -5%         | -10%        |
| Assets                      | 7%         | 6%         | 5%          | 9%         | -3%         | -5%         | -5%         | -8%         |
| REA growth (BIS Trans)      | n.a.       | n.a.       | n.a.        | n.a.       | n.a.        | n.a.        | n.a.        | n.a.        |
| REA growth (BIS III)        | 8%         | 5%         | 0%          | 1%         | -3%         | -4%         | -7%         | -8%         |

Source: Company data and Nordea estimates



**ANNUAL KEY DATA****SHARE DATA**

| DKKm                          | 2013  | 2014   | 2015   | 2016  | 2017  | 2018  | 2019  | 2020E | 2021E | 2022E |
|-------------------------------|-------|--------|--------|-------|-------|-------|-------|-------|-------|-------|
| EPS, DKK                      | 9.18  | -15.85 | -22.07 | 22.29 | 19.43 | 26.55 | 21.70 | 16.62 | 24.05 | 13.89 |
| EPS adj, DKK                  | 9.18  | -15.85 | 19.69  | 16.47 | 19.43 | 19.95 | 22.95 | 16.05 | 23.49 | 13.51 |
| BVPS                          | 215.6 | 199.9  | 176.6  | 194.9 | 185.5 | 207.6 | 238.5 | 254.2 | 235.4 | 201.4 |
| TVBS                          | 135.8 | 146.9  | 176.6  | 194.9 | 185.5 | 206.9 | 237.5 | 253.0 | 234.1 | 200.1 |
| DPS (tot., DKK)               | 1.50  | 2.00   | 2.00   | 30.00 | 4.00  | 7.32  | 7.00  | 4.77  | 50.07 | 50.07 |
| Dividend pay-out ratio        | 16%   | n.m.   | n.m.   | 135%  | 21%   | 28%   | 32%   | 29%   | 208%  | 361%  |
| Share repurchases (per share) | 0.00  | 0.00   | 0.00   | 0.00  | 0.00  | 0.00  | 1.61  | 0.70  | 0.00  | 0.00  |
| Total pay-out ratio           | 16%   | -13%   | -9%    | 27%   | 21%   | 27%   | 40%   | 33%   | 208%  | 361%  |
| Share price (period end)      | 128   | 105    | 128    | 136   | 106   | 109   | 109   | 152   | 153   | 153   |
| Market cap. (m)               | 1,280 | 1,045  | 1,275  | 1,355 | 1,040 | 1,038 | 1,034 | 1,447 | 1,447 | 1,447 |
| Dil. number of shares         | 10    | 10     | 10     | 10    | 10    | 10    | 9     | 9     | 9     | 9     |

**VALUATION**

| (x)                   | 2013 | 2014 | 2015 | 2016  | 2017 | 2018 | 2019 | 2020E | 2021E | 2022E |
|-----------------------|------|------|------|-------|------|------|------|-------|-------|-------|
| P/E                   | 13.9 | n.m. | n.m. | 6.1   | 5.5  | 4.1  | 5.0  | 9.2   | 6.3   | 11.0  |
| P/E (adj.)            | 13.9 | n.m. | 6.5  | 8.2   | 5.5  | 5.4  | 4.8  | 9.5   | 6.5   | 11.3  |
| P/BV                  | 0.59 | 0.52 | 0.72 | 0.70  | 0.57 | 0.52 | 0.46 | 0.60  | 0.65  | 0.76  |
| P/TBV                 | 0.94 | 0.71 | 0.72 | 0.70  | 0.57 | 0.52 | 0.46 | 0.60  | 0.65  | 0.76  |
| Dividend yield (tot.) | 1.2% | 1.9% | 1.6% | 22.1% | 3.8% | 6.7% | 6.4% | 3.1%  | 32.8% | 32.8% |
| Total yield           | 1.2% | 1.9% | 1.6% | 22.1% | 3.8% | 6.7% | 7.9% | 3.6%  | 32.8% | 32.8% |

**CAPITAL RATIOS**

| %                           | 2013   | 2014   | 2015   | 2016  | 2017  | 2018   | 2019   | 2020E | 2021E | 2022E |
|-----------------------------|--------|--------|--------|-------|-------|--------|--------|-------|-------|-------|
| BIS II Trans. CET1-ratio    | n.m.   | n.m.   | n.m.   | n.m.  | n.m.  | n.m.   | n.m.   | n.m.  | n.m.  | n.m.  |
| BIS II Trans. Capital ratio | n.m.   | n.m.   | n.m.   | n.m.  | n.m.  | n.m.   | n.m.   | n.m.  | n.m.  | n.m.  |
| BIS III CET                 | 1,218  | 1,409  | 1,593  | 1,566 | 1,731 | 1,874  | 2,023  | 2,191 | 2,007 | 1,684 |
| BIS III REA                 | 11,511 | 11,943 | 11,463 | 9,790 | 9,895 | 10,621 | 10,764 | 9,869 | 7,004 | 7,073 |
| BIS III CET1-ratio          | 10.6%  | 11.8%  | 13.9%  | 16.0% | 17.5% | 17.6%  | 18.8%  | 22.2% | 28.7% | 23.8% |
| BIS III T1-ratio            | 12.8%  | 12.9%  | 14.8%  | 16.0% | 17.5% | 17.6%  | 20.2%  | 23.7% | 30.1% | 25.2% |
| BIS III Capital ratio       | 14.7%  | 14.7%  | 16.8%  | 18.3% | 19.7% | 19.8%  | 22.3%  | 26.0% | 33.3% | 28.4% |
| Tang. Equity/Assets         | 7.9%   | 8.9%   | 10.9%  | 12.5% | 11.5% | 11.9%  | 12.4%  | 14.3% | 19.8% | 16.7% |
| Tang. Equity/Lending        | 13.0%  | 14.0%  | 16.5%  | 21.3% | 19.1% | 19.9%  | 22.7%  | 24.3% | 29.2% | 24.5% |
| Leverage ratio              | 7.1%   | 8.5%   | 9.8%   | 10.1% | 11.0% | 11.2%  | 11.1%  | 13.1% | 17.9% | 14.8% |

**CREDIT QUALITY**

| DKKm                                | 2013  | 2014  | 2015  | 2016   | 2017   | 2018   | 2019   | 2020E  | 2021E | 2022E |
|-------------------------------------|-------|-------|-------|--------|--------|--------|--------|--------|-------|-------|
| Impaired loans                      | 0     | 0     | 0     | 0      | 0      | 0      | 0      | 0      | 0     | 0     |
| Loan loss reserves                  | 930   | 997   | 671   | 679    | 511    | 607    | 496    | 469    | 460   | 450   |
| Coverage ratio                      | n.m.  | n.m.  | n.m.  | n.m.   | n.m.   | n.m.   | n.m.   | n.m.   | n.m.  | n.m.  |
| Loan loss reserves / Total loans    | 8.55% | 9.52% | 6.34% | 6.85%  | 5.48%  | 6.23%  | 5.00%  | 4.74%  | 5.26% | 5.86% |
| Impaired loans / Total loans        | 0.00% | 0.00% | 0.00% | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00%  | 0.00% | 0.00% |
| Collective/total provisions         | 0%    | 0%    | 0%    | 0%     | 0%     | 0%     | 0%     | 0%     | 0%    | 0%    |
| Perf. Impaired loans/Impaired loans | n.m.  | n.m.  | n.m.  | n.m.   | n.m.   | n.m.   | n.m.   | n.m.   | n.m.  | n.m.  |
| Loan loss ratio                     | 1.32% | 0.82% | 0.19% | -0.12% | -0.66% | -1.16% | -1.06% | -0.06% | 0.15% | 0.20% |
| Growth loan loss reserves (y/y)     | 6%    | 7%    | -33%  | 1%     | -25%   | 19%    | -18%   | -6%    | -2%   | -2%   |
| Growth impaired loans (y/y)         | n.a.  | n.a.  | n.a.  | n.a.   | n.a.   | n.a.   | n.a.   | n.a.   | n.a.  | n.a.  |

**PROFITABILITY**

| Adjusted for non-rec. Items | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020E  | 2021E  | 2022E  |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| RoE                         | 4.4%   | -7.6%  | 10.5%  | 8.8%   | 10.1%  | 10.2%  | 10.3%  | 6.5%   | 9.6%   | 6.2%   |
| RoTBV                       | 7.0%   | -11.2% | 12.2%  | 8.8%   | 10.1%  | 10.2%  | 10.3%  | 6.5%   | 9.6%   | 6.2%   |
| C/I                         | -68.9% | -70.0% | -70.9% | -71.9% | -71.3% | -71.9% | -71.9% | -68.1% | -58.8% | -57.5% |
| Nil-margin                  | 5.28%  | 4.80%  | 4.42%  | 4.18%  | 4.15%  | 3.83%  | 3.67%  | 3.52%  | 3.29%  | 3.32%  |

**REVENUE DISTRIBUTION**

| Adjusted for non-rec. Items            | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020E | 2021E | 2022E |
|--|------|------|------|------|------|------|------|-------|-------|-------|
| Net Interest Income                    | 68%  | 67%  | 64%  | 65%  | 60%  | 59%  | 55%  | 55%   | 63%   | 64%   |
| Net Commission Income                  | 22%  | 25%  | 31%  | 30%  | 29%  | 27%  | 29%  | 31%   | 19%   | 16%   |
| Net result from financial transactions | 0%   | 0%   | 0%   | 0%   | 0%   | 0%   | 0%   | 0%    | 0%    | 0%    |
| Net insurance income                   | 0%   | 0%   | 0%   | 0%   | 0%   | 0%   | 0%   | 0%    | 0%    | 0%    |
| Other Income                           | 2%   | 2%   | 1%   | 1%   | 5%   | 7%   | 7%   | 6%    | 7%    | 7%    |

Source: Company data and Nordea estimates



**ANNUAL INCOME STATEMENT AND BALANCE SHEET****INCOME STATEMENT**

| DKKm                                   | 2013       | 2014        | 2015        | 2016       | 2017       | 2018       | 2019       | 2020E      | 2021E      | 2022E      |
|--|------------|-------------|-------------|------------|------------|------------|------------|------------|------------|------------|
| Net Interest Income                    | 574        | 503         | 468         | 414        | 387        | 373        | 367        | 355        | 294        | 260        |
| Net Commission Income                  | 188        | 191         | 226         | 192        | 186        | 172        | 189        | 197        | 85         | 65         |
| Net result from financial transactions | n.a.       | n.a.        | n.a.        | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       |
| Net insurance income                   | 69         | 47          | 28          | 26         | 44         | 44         | 53         | 44         | 46         | 46         |
| Other income                           | 14         | 13          | 11          | 9          | 31         | 46         | 49         | 37         | 31         | 28         |
| <b>Total revenues</b>                  | <b>846</b> | <b>754</b>  | <b>734</b>  | <b>641</b> | <b>648</b> | <b>635</b> | <b>658</b> | <b>632</b> | <b>456</b> | <b>399</b> |
| Staff costs                            | n.a.       | n.a.        | n.a.        | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       |
| Other operating costs                  | n.a.       | n.a.        | n.a.        | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       |
| Depreciation                           | n.a.       | n.a.        | n.a.        | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       |
| <b>Total Expenses</b>                  | <b>582</b> | <b>528</b>  | <b>520</b>  | <b>461</b> | <b>462</b> | <b>457</b> | <b>473</b> | <b>430</b> | <b>268</b> | <b>230</b> |
| <b>Profit before loan losses</b>       | <b>263</b> | <b>227</b>  | <b>214</b>  | <b>180</b> | <b>186</b> | <b>179</b> | <b>185</b> | <b>202</b> | <b>188</b> | <b>170</b> |
| Loan losses                            | -149       | -86         | -20         | 12         | 60         | 111        | 106        | 6          | -15        | -15        |
| Write-downs on assets                  | -11        | -263        | -523        | -12        | -18        | 72         | -13        | 0          | 103        | 0          |
| <b>Operating profit</b>                | <b>115</b> | <b>-123</b> | <b>-332</b> | <b>279</b> | <b>234</b> | <b>324</b> | <b>261</b> | <b>199</b> | <b>283</b> | <b>163</b> |
| Taxes                                  | -23        | -35         | 111         | -58        | -44        | -66        | -54        | -42        | -55        | -31        |
| Discontinued operations                | n.a.       | n.a.        | n.a.        | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       |
| Minority interest                      | n.a.       | n.a.        | n.a.        | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       |
| <b>Net profit to equity</b>            | <b>92</b>  | <b>-158</b> | <b>-221</b> | <b>221</b> | <b>191</b> | <b>257</b> | <b>207</b> | <b>158</b> | <b>228</b> | <b>132</b> |

**BALANCE SHEET**

| DKKm                                  | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020E         | 2021E         | 2022E         |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Cash / Interbank                      | 480           | 439           | 361           | 217           | 251           | 180           | 252           | 141           | 141           | 141           |
| Loans to credit institutions          | 824           | 521           | 411           | 817           | 617           | 914           | 878           | 1,257         | 1,257         | 1,257         |
| Loans to the public                   | 10,460        | 10,492        | 10,675        | 9,141         | 9,537         | 9,956         | 9,909         | 9,865         | 7,608         | 7,760         |
| Goodwill and other intangibles        | 798           | 530           | 0             | 0             | 0             | 7             | 10            | 12            | 12            | 12            |
| <b>Total assets</b>                   | <b>17,084</b> | <b>16,536</b> | <b>16,248</b> | <b>15,552</b> | <b>15,785</b> | <b>16,700</b> | <b>18,173</b> | <b>16,782</b> | <b>11,226</b> | <b>11,378</b> |
| Interbank/owed to credit institutions | 1,290         | 591           | 575           | 342           | 360           | 299           | 55            | 47            | 47            | 47            |
| Deposits                              | 12,285        | 12,604        | 12,680        | 12,669        | 13,083        | 13,878        | 15,164        | 13,613        | 8,174         | 8,174         |
| Subordinated loans                    | 525           | 459           | 452           | 222           | 223           | 223           | 224           | 225           | 225           | 225           |
| Minority interest                     | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| Shareholders equity                   | 2,156         | 1,999         | 1,766         | 1,949         | 1,820         | 1,987         | 2,263         | 2,412         | 2,233         | 1,911         |
| <b>Total equity and liabilities</b>   | <b>17,084</b> | <b>16,536</b> | <b>16,248</b> | <b>15,579</b> | <b>15,785</b> | <b>16,700</b> | <b>18,173</b> | <b>16,782</b> | <b>11,226</b> | <b>11,378</b> |
| Loans to deposits                     | 85%           | 83%           | 84%           | 72%           | 73%           | 72%           | 65%           | 72%           | 93%           | 95%           |
| Non-mortg. loans to deposits          | 85%           | 83%           | 84%           | 72%           | 73%           | 72%           | 65%           | 72%           | 93%           | 95%           |
| LCR                                   | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          |
| NSFR                                  | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          |

**GROWTH (Y/Y)**

| Adjusted for non rec.items  | 2013        | 2014         | 2015        | 2016        | 2017       | 2018       | 2019       | 2020E       | 2021E       | 2022E       |
|-----------------------------|-------------|--------------|-------------|-------------|------------|------------|------------|-------------|-------------|-------------|
| Net interest income         | -6%         | -12%         | -7%         | -12%        | -6%        | -4%        | -2%        | -5%         | -17%        | -11%        |
| Net commission income       | -4%         | 1%           | 18%         | -15%        | -3%        | -7%        | 10%        | 4%          | -57%        | -23%        |
| <b>Total Revenues</b>       | <b>-5%</b>  | <b>-11%</b>  | <b>-3%</b>  | <b>-13%</b> | <b>1%</b>  | <b>-2%</b> | <b>4%</b>  | <b>-4%</b>  | <b>-28%</b> | <b>-12%</b> |
| Staff costs                 | n.m.        | n.m.         | n.m.        | n.m.        | n.m.       | n.m.       | n.m.       | n.m.        | n.m.        | n.m.        |
| <b>Total expenses</b>       | <b>-2%</b>  | <b>-9%</b>   | <b>-1%</b>  | <b>-11%</b> | <b>0%</b>  | <b>-1%</b> | <b>4%</b>  | <b>-9%</b>  | <b>-38%</b> | <b>-14%</b> |
| Profit before loan losses   | -9%         | -14%         | -5%         | -16%        | 4%         | -4%        | 3%         | 9%          | -7%         | -10%        |
| Operating profit            | -4%         | -207%        | 254%        | 9%          | 13%        | 4%         | 7%         | -24%        | 42%         | -43%        |
| <b>Net profit to equity</b> | <b>-10%</b> | <b>-273%</b> | <b>224%</b> | <b>-17%</b> | <b>17%</b> | <b>1%</b>  | <b>13%</b> | <b>-30%</b> | <b>46%</b>  | <b>-42%</b> |
| Loans to the public (rep)   | -7%         | 0%           | 2%          | -14%        | 4%         | 4%         | 0%         | 0%          | -23%        | 2%          |
| Deposits                    | -5%         | 3%           | 1%          | 0%          | 3%         | 6%         | 9%         | -10%        | -40%        | 0%          |
| Assets                      | -3%         | -3%          | -2%         | -4%         | 1%         | 6%         | 9%         | -8%         | -33%        | 1%          |
| REA growth (BIS Trans)      | n.a.        | n.a.         | n.a.        | n.a.        | n.a.       | n.a.       | n.a.       | n.a.        | n.a.        | n.a.        |
| REA growth (BIS III)        | -3%         | 4%           | -4%         | -15%        | 1%         | 7%         | 1%         | -8%         | -29%        | 1%          |

Source: Company data and Nordea estimates

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**Completion Date**

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