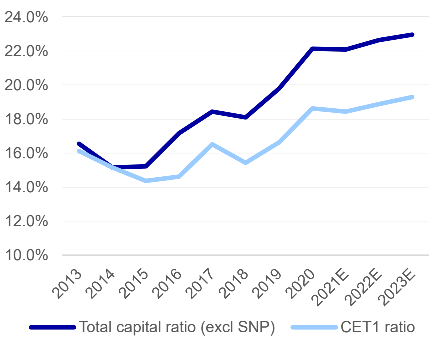
Sparekassen Kronjylland

Financials
Denmark

KEY DATA

Country	Denmark
Bloomberg	KRONJ
Moody's	NR/--
S&P	NR/--
Website	sparkron.dk

CAPITAL RATIOS



Source: Nordea estimates

ESTIMATE CHANGES

Year	2021E	2022E	2023E
Total revenue	1%	2%	1%
Total costs	-1%	-1%	-1%
Profit before loan losses	10%	8%	7%
PTP	36%	17%	8%
Net profit	37%	17%	8%

Source: Nordea estimates

Nordea Markets - Analysts
Mathias Nielsen
Analyst

Jakob Brink
Director, Sector Coordinator

More focus on profitability

Sparekassen Kronjylland reported H1 2021 profit before loan losses of DKK 194m, DKK 21m (12%) above our estimate. This was led by higher-than-expected fee income and lower costs, while net interest income was in line with our estimate. The bank reported loan-loss reversals of DKK 43m, while the pandemic-related management buffer was reduced to DKK 247m (previously DKK 279m), hence still indicating a positive development in the underlying asset quality. Management raised its 2021 pre-tax profit guidance to DKK 420-480m (previously DKK 180-280m) amid the H1 report. We estimate DKK 464m. We raise 2021E-23E net profit by 8-37%, led by 7-10% higher profit before loan losses and lower loan losses.

Branch maturity set to be a profitability trigger

Lending increased by DKK 544m (3%) h/h, while net interest margin remained solid. Total costs were up DKK 14m (3%) y/y, yet DKK 5m (1%) below our estimate. Sparekassen Kronjylland has in recent years focused on branch openings and mergers, supporting an ambitious growth strategy. Meanwhile, as the branches begin to mature, we expect to see Sparekassen Kronjylland start reaping the fruits of its labour and turning its focus towards cost management and income initiatives. We believe that this is a rational next step and see upside potential for profitability.

2021E-23E profit before loan losses up 10-11%, 2021E net profits up 37%

Asset quality remains strong and Sparekassen Kronjylland reported loan loss reversals of DKK 43m for H1 2021. The management buffer was lowered by DKK 32m (11%), yet it remains among the highest in the sector, corresponding to ~1.5% of the total lending book. We raise 2021E-23E profit before loan losses by 7-10%, led by 0-2% higher net interest income estimates and 1% lower cost estimates. We lift 2021E pre-tax profit by DKK ~125m (36%) to DKK 464m, slightly above the new guidance midpoint, as we now expect loan loss reversals of DKK 53m.

Capital foundation remains solid despite REA hike

The bank remains well capitalised. CET1 ratio came in at 17.8%, yet down ~1 pp h/h, due to higher risk exposure (REA). Part of this development, however, is led by an activity-driven hike in guarantees which is more short-term in nature. As we expect the activity level to gradually normalise, we estimate a CET1 ratio of 18.4% and a capital ratio of 22.1% for H2 2021, which is ~13 pp above the current solvency requirements.

SUMMARY TABLE - KEY FIGURES

DKKm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	1,171	1,160	1,402	1,293	1,338	1,369	1,393
Total costs	-866	-881	-939	-952	-981	-1,002	-1,021
LL-ratio	-0.31%	0.05%	-0.01%	0.54%	-0.33%	0.18%	0.34%
PTP	362	289	494	278	464	362	337
RoE	9.3%	6.4%	11.0%	5.5%	8.1%	5.9%	5.2%
RoTBV (adj)	9.7%	6.4%	8.3%	4.3%	7.1%	4.9%	4.5%
P/E (adj)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
P/BV	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.
BIS III CT1-ratio	16.5%	15.4%	16.6%	18.6%	18.4%	18.9%	19.3%
DPS (ord, DKK)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend Yield (ord)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total payout ratio	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Source: Company data and Nordea estimates

H1 results versus our estimates

Total income came in 2% above our estimate, led by better-than-expected net fee income, while net interest income was in line with our estimate. Total costs were up 3% y/y, or 1% better than our estimate. Profit before loan losses was hence 12% above our estimate. Sparekassen Kronjylland continued to show improvements in asset quality and reported loan loss reversals of DKK 43m for H1. We estimated zero loan losses. As such, net profit came in at DKK 215m, which was DKK 68m (46%) above our estimate. The reported REA was DKK ~23.1bn, DKK ~1.3bn higher than our estimate. The deviation was driven by the high activity causing an increase in guarantees. Likewise, lending growth was slightly higher than our estimate. Consequently, the CET1 ratio came in at 17.8%, ~1.1 pp below our estimate.

H1 2021 RESULTS VERSUS OUR ESTIMATES

	Actual	NDA	Deviation		Actual	h/h	Actual	y/y
DKKm	**H1 21**	**H1 21E**	**vs. Actual**		**H2 20**	**growth**	**H1 20**	**growth**
Interest income	310	297	13	4%	309	0%	313	-1%
Interest expense	10	24	-14	-60%	18	-45%	-1	-
Net interest income	**320**	**321**	**-2**	**0%**	**327**	**-2%**	**313**	**2%**
Dividends on shares etc	19	10	9	88%	-1	-	11	71%
Fees and commission income	288	280	8	3%	280	3%	255	13%
Fees and commission expenses	-19	-14	-5	35%	-19	1%	-12	53%
Net interest and fee income	**608**	**598**	**10**	**2%**	**587**	**4%**	**566**	**7%**
Market value adjustments	48	42	6	14%	64	-25%	39	22%
Other operating income	18	18	0	-2%	20	-12%	17	3%
Total income	**673**	**658**	**16**	**2%**	**671**	**0%**	**622**	**8%**
Staff costs and administrative expenses	-451	-455	5	-1%	-457	-1%	-437	3%
Amortisation, depreciation and impairment losses	-26	-27	1	-2%	-29	-8%	-25	4%
Other operating expenses	-2	-2	0	-1%	-2	4%	-2	-17%
Total costs	**-479**	**-484**	**5**	**-1%**	**-488**	**-2%**	**-465**	**3%**
Profit before loan losses	**194**	**173**	**21**	**12%**	**183**	**6%**	**158**	**23%**
Loan losses	43	0	43	-	-6	-	-85	-
Profit/loss on investments in associates and group enterprises	28	10	18	-	23	25%	6	-
Profit before tax	**266**	**183**	**82**	**45%**	**200**	**33%**	**78**	**-**
Tax	-51	-37	-14	39%	-25	100%	-16	-
Net profit	**215**	**147**	**68**	**46%**	**175**	**23%**	**62**	**-**
CET1 ratio	**17.8%**	**18.9%**	**-1.1 pp**		**18.6%**	**-0.8 pp**	**18.1%**	**-0.3 pp**

Source: Company data and Nordea estimates

Estimates

ESTIMATE REVISIONS

DKKm	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
	New estimates			Change in estimates			Old estimates		
Interest income	627	647	658	5%	5%	5%	598	615	627
Interest expense	29	39	39	-50%	-30%	-30%	58	56	56
Net interest income	**656**	**686**	**697**	**0%**	**2%**	**2%**	**656**	**671**	**683**
Dividends on shares etc	19	10	10	88%	0%	0%	10	10	10
Fees and commission income	573	584	596	2%	2%	1%	560	574	588
Fees and commission expenses	-36	-36	-36	17%	13%	11%	-31	-32	-32
Net interest and fee income	**1,211**	**1,244**	**1,267**	**1%**	**2%**	**1%**	**1,195**	**1,223**	**1,249**
Market value adjustments	90	86	87	7%	0%	0%	84	86	87
Other operating income	38	38	39	-1%	-1%	-1%	38	39	40
Total income	**1,338**	**1,369**	**1,393**	**2%**	**2%**	**1%**	**1,317**	**1,348**	**1,376**
Staff costs and administrative expenses	-924	-945	-964	-1%	-1%	-1%	-932	-952	-971
Amortisation, depreciation and impairment losses	-53	-53	-53	-1%	-1%	-1%	-54	-54	-54
Other operating expenses	-4	-4	-4	-1%	-1%	-1%	-4	-4	-4
Total costs	**-981**	**-1,002**	**-1,021**	**-1%**	**-1%**	**-1%**	**-990**	**-1,010**	**-1,029**
Profit before loan losses	**357**	**367**	**372**	**10%**	**8%**	**7%**	**326**	**338**	**347**
Loan losses	53	-30	-60	-630%	-45%	0%	-10	-55	-60
Profit/loss on investments in associates and group enterprises	53	25	25	114%	0%	0%	25	25	25
Profit before tax	**464**	**362**	**337**	**36%**	**17%**	**8%**	**341**	**308**	**312**
Tax	-90	-72	-67	32%	17%	8%	-68	-62	-62
Net profit	**373**	**289**	**270**	**37%**	**17%**	**8%**	**273**	**246**	**250**

Source: Company data and Nordea estimates

Reported numbers and forecasts

INTERIM KEY DATA

CAPITAL RATIOS

%	H1 18	H2 18	H1 19	H2 19	H1 20	H2 20	H1 21	H2 21E
BIS II Trans. CET1-ratio	-	-	-	-	-	-	-	-
BIS II Trans. Capital ratio	-	-	-	-	-	-	-	-
BIS III CET	3,136	3,237	3,395	3,722	3,768	4,020	4,117	4,288
BIS III REA	19,824	20,982	22,212	22,391	20,862	21,648	23,140	23,258
BIS III CET1-ratio	15.8%	15.4%	15.3%	16.6%	18.1%	18.6%	17.8%	18.4%
BIS III T1-ratio	16.1%	16.4%	16.2%	18.2%	19.7%	20.1%	19.3%	19.9%
BIS III Capital ratio	17.9%	18.1%	17.8%	19.8%	21.5%	22.1%	21.5%	22.1%
Tang. Equity/Assets	13.8%	13.6%	13.4%	13.6%	13.3%	13.0%	12.9%	13.2%
Tang. Equity/Lending	23.3%	21.9%	21.9%	24.1%	25.8%	26.8%	27.2%	27.7%
Leverage ratio	12.5%	12.2%	11.9%	12.4%	12.1%	12.0%	11.6%	11.9%

CREDIT QUALITY

DKKm	H1 18	H2 18	H1 19	H2 19	H1 20	H2 20	H1 21	H2 21E
Impaired loans	-	2,600	-	2,008	-	2,152	-	2,141
Loan loss reserves	1,146	1,128	1,069	1,076	1,097	951	932	913
Coverage ratio	-	43%	-	54%	-	44%	-	43%
Loan loss reserves / Total loans	7.69%	6.85%	6.16%	6.37%	6.83%	5.84%	5.54%	5.34%
Impaired loans / Total loans	0.00%	15.80%	0.00%	11.89%	0.00%	13.22%	0.00%	12.51%
Loan loss ratio	**0.17%**	**-0.25%**	**0.53%**	**-0.48%**	**-1.01%**	**-0.07%**	**0.53%**	**0.12%**
Growth loan loss reserves (y/y)	-6%	8%	-7%	-5%	3%	-12%	-15%	-4%
Growth impaired loans (y/y)	-	3%	-	-23%	-	7%	-	-1%

PROFITABILITY

Adjusted for non-rec. Items	H1 18	H2 18	H1 19	H2 19	H1 20	H2 20	H1 21	H2 21E
RoE	8.2%	4.7%	10.2%	6.5%	2.0%	7.7%	8.4%	6.4%
RoTBV	8.5%	4.8%	10.5%	6.7%	2.0%	7.9%	8.5%	6.5%
C/I	-73.8%	-78.9%	-71.9%	-73.8%	-77.3%	-73.8%	-74.3%	-76.6%
NII-margin	4.33%	4.12%	3.95%	3.67%	3.61%	3.86%	3.78%	3.89%

REVENUE DISTRIBUTION

Adjusted for non-rec. Items	H1 18	H2 18	H1 19	H2 19	H1 20	H2 20	H1 21	H2 21E
Net Interest Income	54%	55%	51%	47%	50%	48%	48%	50%
Net Commission Income	36%	36%	38%	41%	40%	39%	42%	41%
Net result from financial transactions	8%	6%	9%	9%	7%	10%	7%	6%
Net insurance income	0%	0%	0%	0%	0%	0%	0%	0%
Other Income	3%	3%	3%	3%	3%	3%	3%	3%

Source: Company data and Nordea estimates

INTERIM INCOME STATEMENT AND BALANCE SHEET

INCOME STATEMENT

DKKm	H1 18	H2 18	H1 19	H2 19	H1 20	H2 20	H1 21	H2 21E
Interest income	332	340	342	330	313	309	310	317
Interest expense	-19	-23	-19	-8	-1	18	10	19
Net interest income	**313**	**317**	**322**	**322**	**313**	**327**	**320**	**336**
Dividends on shares etc	10	0	19	4	11	-1	19	0
Fees and commission income	206	215	233	284	255	280	288	285
Fees and commission expenses	-8	-11	-13	-16	-12	-19	-19	-17
Net interest and fee income	**521**	**522**	**562**	**594**	**566**	**587**	**608**	**603**
Market value adjustments	44	36	55	152	39	64	48	42
Other operating income	18	19	19	21	17	20	18	20
Staff costs and administrative expenses	-399	-421	-431	-455	-437	-457	-451	-473
Amortisation, depreciation and impairment losses	-28	-30	-24	-27	-25	-29	-26	-27
Other operating expenses	-1	-1	-1	-2	-2	-2	-2	-2
Impairment losses on loans and advances etc	12	-19	43	-41	-85	-6	43	10
Profit/loss on investments in associates etc	6	11	13	16	6	23	28	25
Profit before tax	**172**	**117**	**236**	**257**	**78**	**200**	**266**	**198**
Other (Profit from discountinued operations)	0	0	0	0	0	0	0	0
Tax	-29	-29	-44	-17	-16	-25	-51	-40
Attributable profit for the year	**143**	**88**	**192**	**240**	**62**	**175**	**215**	**159**

BALANCE SHEET

DKKm	H1 18	H2 18	H1 19	H2 19	H1 20	H2 20	H1 21	H2 21E
Cash / Interbank	437	487	451	522	474	663	3,032	3,032
Loans to the public	14,897	16,456	17,341	16,897	16,058	16,282	16,826	17,118
Goodwill and other intangibles	109	100	91	82	73	65	56	56
Total assets	**25,099**	**26,471**	**28,461**	**29,912**	**31,226**	**33,417**	**35,461**	**35,904**
Interbank/owed to credit institutions	1,252	1,108	1,153	1,202	1,067	1,329	1,274	1,274
Deposits	18,474	19,324	20,579	21,077	22,218	23,489	24,379	24,861
Subordinated loans	359	359	359	359	360	449	698	500
Minority interest	0	0	0	0	0	0	0	0
Equity	3,584	3,703	3,894	4,148	4,211	4,422	4,640	4,799
Total equity and liabilities	**25,099**	**26,471**	**28,461**	**29,912**	**31,226**	**33,417**	**35,461**	**35,904**

GROWTH (Y/Y)

	H1 18	H2 18	H1 19	H2 19	H1 20	H2 20	H1 21	H2 21E
Interest income	-2%	2%	3%	-3%	-8%	-6%	-1%	2%
Interest expense	-25%	-2%	-1%	-67%	-95%	-331%	-1198%	8%
Net interest income	**0%**	**2%**	**3%**	**1%**	**-3%**	**2%**	**2%**	**3%**
Dividends on shares etc	323%	-247%	94%	3638%	-43%	-130%	71%	-100%
Fees and commission income	8%	4%	13%	32%	9%	-2%	13%	2%
Fees and commission expenses	16%	9%	52%	50%	-2%	19%	53%	-9%
Net interest and fee income	**4%**	**3%**	**8%**	**14%**	**1%**	**-1%**	**7%**	**3%**
Market value adjustments	-45%	4%	26%	322%	-29%	-58%	22%	-34%
Other operating income	-35%	-12%	4%	6%	-7%	-2%	3%	-1%
Staff costs and administrative expenses	2%	1%	8%	8%	1%	1%	3%	3%
Amortisation, depreciation and impairment losses	11%	1%	-14%	-10%	5%	7%	4%	-6%
Other operating expenses	26%	-7%	-21%	27%	134%	11%	-17%	5%
Impairment losses on loans and advances etc	56%	-158%	252%	118%	-298%	-87%	-150%	-279%
Profit/loss on investments in associates etc	-20%	19%	125%	43%	-55%	45%	386%	10%
Profit before tax	**-16%**	**-25%**	**37%**	**120%**	**-67%**	**-22%**	**240%**	**-1%**
Other (Profit from discountinued operations)	n.m	n.m	n.m	n.m	n.m	n.m	n.m	n.m
Tax	-20%	24%	52%	-39%	-63%	46%	214%	56%
Attributable profit for the year	**-16%**	**-34%**	**34%**	**173%**	**-68%**	**-27%**	**246%**	**-9%**
Loans to the public	**8%**	**15%**	**16%**	**3%**	**-7%**	**-4%**	**5%**	**5%**
Deposits	11%	12%	11%	9%	8%	11%	10%	6%
Assets	9%	14%	13%	13%	10%	12%	14%	7%
REA growth (BIS III)	**4%**	**11%**	**12%**	**7%**	**-6%**	**-3%**	**11%**	**7%**

Source: Company data and Nordea estimates

ANNUAL KEY DATA

CAPITAL RATIOS

%	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
BIS II Trans. CET1-ratio	-	-	-	-	-	-	-	-	-
BIS II Trans. Capital ratio	-	-	-	-	-	-	-	-	-
BIS III CET	2,310	2,567	3,127	3,237	3,722	4,032	4,288	4,526	4,749
BIS III REA	16,084	17,549	18,931	20,982	22,391	21,648	23,258	23,979	24,618
BIS III CET1-ratio	14.4%	14.6%	16.5%	15.4%	16.6%	18.6%	18.4%	18.9%	19.3%
BIS III T1-ratio	14.9%	15.5%	16.7%	16.4%	18.2%	20.1%	19.9%	20.3%	20.7%
BIS III Capital ratio	15.2%	17.2%	18.4%	18.1%	19.8%	22.1%	22.1%	22.6%	22.9%
Tang. Equity/Assets	13.1%	12.9%	14.6%	13.6%	13.6%	13.0%	13.2%	13.4%	13.6%
Tang. Equity/Lending	22.6%	21.7%	23.7%	21.9%	24.1%	26.8%	27.7%	28.2%	28.7%
Leverage ratio	11.9%	11.7%	13.4%	12.2%	12.4%	12.1%	11.9%	12.2%	12.3%

CREDIT QUALITY

DKKm	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Impaired loans	-	-	2,515	2,600	2,008	2,152	2,141	2,131	2,120
Loan loss reserves	1,248	1,216	1,040	1,128	1,076	951	913	909	904
Coverage ratio	-	-	41%	43%	54%	44%	43%	43%	43%
Loan loss reserves / Total loans	11.09%	9.36%	7.26%	6.85%	6.37%	5.84%	5.34%	5.13%	4.96%
Impaired loans / Total loans	0.00%	0.00%	17.55%	15.80%	11.89%	13.22%	12.51%	12.03%	11.62%
Loan loss ratio	**0.99%**	**0.79%**	**-0.31%**	**0.05%**	**-0.01%**	**0.54%**	**-0.33%**	**0.18%**	**0.34%**
Growth loan loss reserves (y/y)	14%	-3%	-14%	8%	-5%	-12%	-4%	-1%	-1%
Growth impaired loans (y/y)	-	-	-	3%	-23%	7%	-1%	-1%	0%

PROFITABILITY

Adjusted for non-rec. Items	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
RoE	7.7%	7.8%	9.3%	6.2%	8.1%	4.3%	7.0%	4.8%	4.4%
RoTBV	8.1%	8.3%	9.7%	6.4%	8.3%	4.3%	7.1%	4.9%	4.5%
C/I	-69.4%	-70.9%	-74.0%	-76.3%	-72.9%	-76.9%	-76.3%	-76.1%	-75.5%
NII-margin	6.22%	5.34%	4.57%	4.06%	3.78%	3.53%	3.61%	3.64%	3.65%

REVENUE DISTRIBUTION

Adjusted for non-rec. Items	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Net Interest Income	60%	58%	53%	54%	49%	47%	47%	48%	49%
Net Commission Income	32%	32%	33%	36%	39%	41%	43%	42%	42%
Net result from financial transactions	0%	6%	10%	7%	9%	8%	7%	7%	6%
Net insurance income	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other Income	7%	4%	4%	3%	3%	3%	3%	3%	3%

Source: Company data and Nordea estimates

ANNUAL INCOME STATEMENT AND BALANCE SHEET

INCOME STATEMENT

DKKm	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Interest income	724	702	673	672	671	623	627	647	658
Interest expense	-68	-55	-50	-43	-27	17	29	39	39
Net interest income	**656**	**647**	**624**	**630**	**644**	**640**	**656**	**686**	**697**
Dividends on shares etc	2	13	2	10	23	10	19	10	10
Fees and commission income	366	369	398	422	517	534	573	584	596
Fees and commission expenses	-17	-20	-17	-19	-29	-31	-36	-36	-36
Net interest and fee income	**1,008**	**1,009**	**1,008**	**1,043**	**1,156**	**1,153**	**1,211**	**1,244**	**1,267**
Market value adjustments	0	68	114	80	207	103	90	86	87
Other operating income	80	47	49	37	39	37	38	38	39
Staff costs and administrative expenses	-677	-739	-809	-820	-886	-894	-924	-945	-964
Amortisation, depreciation and impairment losses	-48	-56	-55	-58	-51	-54	-53	-53	-53
Other operating expenses	-30	-2	-2	-3	-3	-4	-4	-4	-4
Impairment losses on loans and advances etc	-98	-89	41	-7	2	-91	53	-30	-60
Profit/loss on investments in associates etc	16	36	16	17	29	29	53	25	25
Profit before tax	**251**	**275**	**362**	**289**	**494**	**278**	**464**	**362**	**337**
Other (Profit from discountinued operations)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Tax	-52	-53	-59	-58	-62	-42	-90	-72	-67
Attributable profit for the year	**199**	**222**	**302**	**231**	**432**	**237**	**373**	**289**	**270**

BALANCE SHEET

DKKm	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Cash / Interbank	381	407	477	487	522	663	3,032	3,032	3,032
Loans to the public	11,253	12,989	14,330	16,456	16,897	16,282	17,118	17,717	18,249
Goodwill and other intangibles	155	137	119	100	82	65	56	56	56
Total assets	**19,436**	**21,845**	**23,303**	**26,471**	**29,912**	**33,417**	**35,904**	**37,204**	**38,472**
Interbank/owed to credit institutions	475	1,219	971	1,108	1,202	1,329	1,274	1,274	1,274
Deposits	14,764	15,893	17,215	19,324	21,077	23,489	24,861	25,856	26,890
Subordinated loans	159	358	359	359	359	449	500	550	550
Minority interest	0	0	0	0	0	0	0	0	0
Shareholders equity	2,698	2,961	3,517	3,703	4,148	4,422	4,799	5,053	5,288
Total equity and liabilities	**19,436**	**21,845**	**23,303**	**26,471**	**29,912**	**33,417**	**35,904**	**37,204**	**38,472**

GROWTH (Y/Y)

	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Interest income	-3%	-3%	-4%	0%	0%	-7%	1%	3%	2%
Interest expense	-38%	-18%	-10%	-14%	-36%	-163%	71%	35%	0%
Net interest income	**3%**	**-1%**	**-4%**	**1%**	**2%**	**-1%**	**2%**	**5%**	**2%**
Dividends on shares etc	-69%	470%	-83%	340%	131%	-58%	91%	-47%	0%
Fees and commission income	18%	1%	8%	6%	23%	3%	7%	2%	2%
Fees and commission expenses	72%	17%	-16%	12%	51%	9%	16%	-1%	0%
Net interest and fee income	**7%**	**0%**	**0%**	**3%**	**11%**	**0%**	**5%**	**3%**	**2%**
Market value adjustments	-99%	101149%	68%	-30%	160%	-50%	-13%	-4%	1%
Other operating income	-19%	-41%	5%	-25%	5%	-4%	1%	2%	2%
Staff costs and administrative expenses	12%	9%	10%	1%	8%	1%	3%	2%	2%
Amortisation, depreciation and impairment losses	-49%	17%	-3%	6%	-12%	6%	-1%	0%	0%
Other operating expenses	2%	-93%	20%	7%	4%	57%	-7%	0%	0%
Impairment losses on loans and advances etc	-50%	-9%	-146%	-117%	-128%	-4940%	-158%	-157%	100%
Profit/loss on investments in associates etc	-21%	124%	-55%	2%	72%	-1%	87%	-53%	0%
Profit before tax	**67%**	**9%**	**32%**	**-20%**	**71%**	**-44%**	**67%**	**-22%**	**-7%**
Other (Profit from discountinued operations)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Tax	-2%	1%	13%	-3%	6%	-32%	117%	-20%	-7%
Attributable profit for the year	**105%**	**12%**	**36%**	**-24%**	**87%**	**-45%**	**58%**	**-23%**	**-7%**
Loans to the public	**14%**	**15%**	**10%**	**15%**	**3%**	**-4%**	**5%**	**3%**	**3%**
Deposits	14%	8%	8%	12%	9%	11%	6%	4%	4%
Assets	16%	12%	7%	14%	13%	12%	7%	4%	3%
REA growth (BIS III)	**13%**	**9%**	**8%**	**11%**	**7%**	**-3%**	**7%**	**3%**	**3%**

Source: Company data and Nordea estimates

Disclaimer and legal disclosures

Origin of the report
This publication or report originates from: Nordea Bank Abp, including its branches Nordea Danmark, Filial af Nordea Bank Abp, Finland, Nordea Bank Abp, filial i Norge and Nordea Bank Abp, filial i Sverige (together "Nordea") acting through their unit Nordea Markets and Equity Sales & Research.

Nordea Bank Abp is supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the branches are supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the Financial Supervisory Authorities in their respective countries.

Content of report
This report has been prepared solely by Nordea Markets or Equity Sales & Research.

Opinions or suggestions from parts of Nordea equity or credit research may deviate from one another or from opinions presented by other departments in Nordea. This may typically be the result of differing time horizons, methodologies, contexts or other factors.

The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision

Opinions or ratings are based on one or more methods of valuation, for instance cash flow analysis, use of multiples, behavioural technical analyses of underlying market movements in combination with considerations of the market situation and the time horizon. Key assumptions of forecasts or ratings in research cited or reproduced appear in the research material from the named sources. The date of publication appears from the research material cited or reproduced. Opinions and estimates may be updated in subsequent versions of the report, provided that the relevant company/issuer is treated anew in such later versions of the report.

Validity of the report
All opinions and estimates in this report are, regardless of source, given in good faith, and may only be valid as of the stated date of this report and are subject to change without notice.

No individual investment or tax advice
The report is intended only to provide general and preliminary information and shall not be construed as the basis for any investment decision. This report has been prepared by Nordea Markets or Equity Sales & Research as general information for private use, but it is not intended as a personal recommendation of particular financial instruments or strategies and thus it does not provide individually tailored investment advice, and does not take into account any individual's particular financial situation, existing holdings or liabilities, investment knowledge and experience, investment objective and horizon or risk profile and preferences. The investor must particularly ensure the suitability of an investment as regards his/her financial and fiscal situation and investment objectives. The investor bears the risk of losses in connection with an investment.

Before acting on any information in this report, it is recommendable to consult (without being limited to) one's financial, legal, tax, accounting, or regulatory advisor in any relevant jurisdiction.

The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision.

Sources
This report may be based on or contain information, such as opinions, estimates and valuations which emanate from: Nordea's analysts or representatives, publicly available information, information from other units of Nordea, or other named sources.

To the extent this publication or report is based on or contain information emanating from other sources ("Other Sources") than Nordea Markets or Equity Sales & Research ("External Information"), Nordea Markets or Equity Sales & Research has deemed the Other Sources to be reliable but neither Nordea, others associated or affiliated with Nordea nor any other person, do guarantee the accuracy, adequacy or completeness of the External Information.

Limitation of liability
Nordea or other associated and affiliated companies assume no liability as regards to any investment, divestment or retention decision taken by the investor on the basis of this report. In no event will Nordea or other associated and affiliated companies be liable for direct, indirect or incidental, special or consequential damages (regardless of whether being considered as foreseeable or not) resulting from the information in this report.

This report does not cover any financial instruments issued by the subject company. It is solely a general overview of the subject company.

Risk information
The risk of investing in certain financial instruments is generally high, as their market value is exposed to a lot of different factors such as the operational and financial conditions of the relevant company, growth prospects, change in interest rates, the economic and political environment, foreign exchange rates, shifts in market sentiments etc. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. Past performance is not a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. When investing in individual shares, the investor may lose all or part of the investments.

Conflicts of interest
Readers of this document should note that Nordea Markets or Equity Sales & Research has received remuneration from the company mentioned in this document for the production of the report. The remuneration is not dependent on the content of the report.

Nordea, affiliates or staff in Nordea, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the report.

To limit possible conflicts of interest and counter the abuse of inside knowledge, the analysts of Nordea are subject to internal rules on sound ethical conduct, the management of inside information, handling of unpublished research material, contact with other units of Nordea and personal account dealing. The internal rules have been prepared in accordance with applicable legislation and relevant industry standards. The object of the internal rules is for example to ensure that no analyst will abuse or cause others to abuse confidential information. It is the policy of Nordea that no link exists between revenues from capital markets activities and individual analyst remuneration. Nordea and the branches are members of national stockbrokers' associations in each of the countries in which Nordea has head offices. Internal rules have been developed in accordance with recommendations issued by the stockbrokers associations. This material has been prepared following the Nordea Conflict of Interest Policy, which may be viewed at www.nordea.com/mifid.

Distribution restrictions
This report is not intended for, and must not be distributed to private customers in the UK or the US, or to customers in any other jurisdiction where restrictions may apply. This research report is intended only for, and may be distributed only to, accredited investors, expert investors or institutional investors in Singapore who may contact Nordea Bank, Singapore Branch of 138 Market Street, #09-01 CapitaGreen, Singapore 048946.

This publication or report may be distributed by Nordea Bank Abp Singapore Branch, which is subject to the supervision of the European Central Bank, the Finnish Financial Supervisory Authority and the Monetary Authority of Singapore.

This publication or report may be distributed in the UK to institutional investors by Nordea Bank Abp London Branch of 6th Floor, 5 Aldermanbury Square, London, EC2V 7AZ, which is under supervision of the European Central Bank, Finanssivalvonta (Financial Supervisory Authority) in Finland and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request.

Nordea

Analyst shareholdings

Nordea equity and credit analysts do not hold shares in the companies that they cover.No holdings or other affiliations by analysts or associates.

Fair value and sensitivity

We calculate our fair values by weighting DCF, DDM, SOTP, asset-based and other standard valuation methods. Our fair values are sensitive to changes in valuation assumptions, of which growth, margins, tax rates, working capital ratios, investment-to-sales ratios and cost of capital are typically the most sensitive. It should be noted that our fair values would change by a disproportionate factor if changes are made to any or all valuation assumptions, owing to the non-linear nature of the standard valuation models applied (mentioned above). As a consequence of the standard valuation models we apply, changes of 1-2 percentage points in any single valuation assumption can change the derived fair value by as much as 30% or more. All research is produced on an ad hoc basis and will be updated when the circumstances require it

Marketing Material

This research report should be considered marketing material, as it has been commissioned and paid for by the subject company, and has not been prepared in accordance with the regulations designed to promote the independence of investment research and it is not subject to any legal prohibition on dealing ahead of the dissemination of the report. However, Nordea analysts are according to internal policies not allowed to hold shares in the companies/sectors that they cover.

Market-making obligations in shares or derivatives and other significant financial interest

Nordea has no market-making obligations in the subject company.

Investment banking transactions

Nordea has been lead or co-lead manager in a public disclosed offer of financial instruments issued by the company over the previous 12 months.

Issuer Review

This report has not been reviewed by the subject company prior to publication.

Completion date

30 August 2021, 15:18 CET

Nordea Bank Abp

Nordea Markets Division, Research

Visiting address:
Aleksis Kiven katu 7, Helsinki
FI-00020 Nordea
Finland

Tel: +358 9 1651
Fax: +358 9 165 59710

Reg. no.: 2858394-9
Satamaradankatu 5
Helsinki

Nordea Bank Abp, filial i Sverige

Nordea Markets Division, Research

Visiting address:
Smålandsgatan 17
SE-105 71 Stockholm
Sweden

Tel: +46 8 614 7000
Fax: +46 8 534 911 60

Nordea Danmark, Filial af Nordea Bank Abp, Finland

Nordea Markets Division, Research

Visiting address:
Grønjordsvej 10
DK-2300 Copenhagen S
Denmark

Tel: +45 3333 3333
Fax: +45 3333 1520

Nordea Bank Abp, filial i Norge

Nordea Markets Division, Research

Visiting address:
Essendropsgate 7
N-0107 Oslo
Norway

Tel: +47 2248 5000
Fax: +47 2256 8650

Nordea