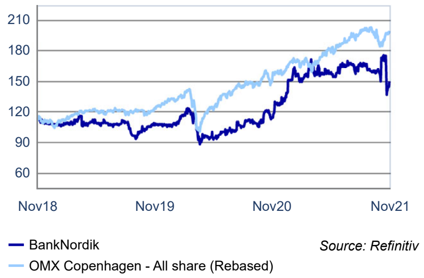
BankNordik

Financials
Denmark

KEY DATA

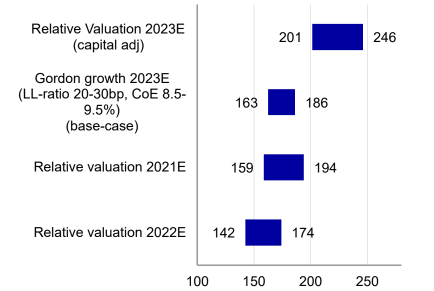
Stock country	Faroe Islands
Bloomberg	BNORDIK DC
Reuters	BNORDIK.CO
Share price (close)	DKK 151.0
Free Float	65%
Market cap. (bn)	EUR 0.19/DKK 1.44
Website	www.banknordik.com
Next report date	24 Feb 2022

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2021E	2022E	2023E
Total revenue	0%	0%	0%
Total costs	2%	2%	1%
Profit before loan losses	-3%	-4%	-2%
PTP	1%	-4%	-2%
DPS (ord)	0%	80%	-55%
EPS (adj)	0%	2%	17%

Source: Nordea estimates

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Capital optimisation may be a value trigger

BankNordik's Q3 pre-tax profit was DKK 54m, DKK 8m (15%) below our estimate led by a DKK 7m (35%) miss on loan losses. With the Q3 results, BankNordik announced its new 2024 financial targets aiming at an ROE of above 10% (previous 8%) and a CET1 ratio of below 20% (previously ~23%). BankNordik now aims for a cost/income ratio of below 55% (from previously ~55%). The higher ROE ambition is hence mainly fuelled by capital optimisation. We estimate a 2023 ROE of 8.5%, a cost/income of 54% and a CET1 ratio of 20.6%. Hence, the 2024 ROE seems slightly ambitious but within reach. We cut 2022E-23E net profits by 2-4% while we raise 2023E adjusted EPS by 17% as we now factor in DKK 300m in buybacks in total during 2022-23. Our new Gordon growth-based fair value is DKK 163-186 (DKK 201-225 prior to EO dividend distribution of the DKK ~47 per share).

Aiming for 10% ROE in 2024 led by anticipated buybacks

Since the sale of its Danish business to Spar Nord, BankNordik has been heavily capitalised – especially on shareholder equity, which is more expensive by nature. Running at a current CET1 ratio of ~26%, the bank targets to reduce its CET1 ratio to below 20%, while issuing new senior non-preferred debt to keep the total capital ratio (including SNP) above 33%. Thus we expect years of exceptional capital repatriation, which we believe will be roughly split between buybacks and dividends. The remaining DKK 250m of the extraordinary dividend is now set to be distributed in 2022, instead of in 2022 and 2023 as previously announced.

2022E-23E net profit down 2-4% while 2023E EPS up 17%

We lower 2022E-23E NII by 4% led by interest payments on the anticipated SNP issuances. We lift 2021E-23E NCI by 3-8%, as we continue to see positive effects from the former repricing initiatives. BankNordik maintains its COVID-19 management buffer at DKK 52m. We see no clouds in the sky and hence we estimate loan loss reversals of DKK 12m in Q4 2021, in line with the average 2021 run rate. We expect 2021 net profit of DKK 239m, close to the midpoint of the 2021 guidance range.

New fair value range of DKK 163-186 (DKK 201-225 before EO dividend)

The share has been a strong performer following the first tranche of capital repatriation after the sale of its Danish activities. Yesterday's (2 November) positive reaction to the revised 2024 strategy adds to that – the share is up ~30% in the past one month. Still, BankNordik trades at a capital adjusted 2023E P/E of ~6x, a 30% discount to peers.

SUMMARY TABLE - KEY FIGURES

DKKm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	648	635	658	387	411	424	432
Total costs	462	457	473	237	240	233	233
LL-ratio	-0.66%	-1.16%	-1.06%	-0.05%	-0.64%	0.20%	0.32%
PTP	234	324	261	207	300	176	174
RoE	10.1%	13.5%	9.7%	7.3%	11.2%	7.9%	8.9%
RoTBV (adj)	10.1%	10.2%	10.3%	7.1%	7.9%	7.6%	8.6%
P/E (adj)	5.5	5.4	4.8	9.0	8.5	9.9	9.0
P/BV	0.57	0.52	0.46	0.64	0.72	0.80	0.75
P/TBV	0.57	0.52	0.46	0.64	0.72	0.80	0.75
BIS III CT1-ratio	17.5%	17.6%	18.8%	22.6%	26.6%	22.3%	20.6%
DPS (ord, DKK)	4.00	7.32	7.00	5.00	59.65	37.59	9.30
Dividend Yield (ord)	3.77%	6.74%	6.42%	3.29%	39.51%	24.89%	6.16%
Total payout ratio	0.21	0.27	0.40	0.33	2.38	2.25	1.57

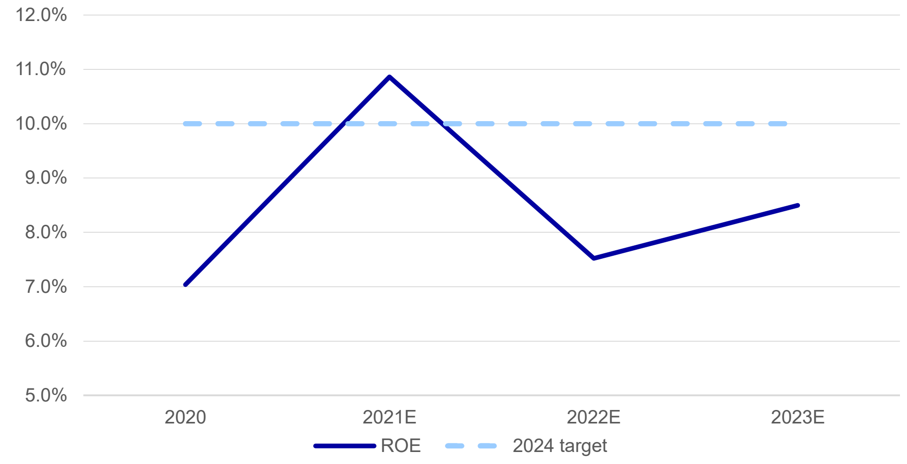
Source: Company data and Nordea estimates

A closer look at the new 2024 targets

With the Q3 2021 results BankNordik announced new 2024 targets. BankNordik targets a return on equity of 'more than 10%' (previous target: 8%), a cost/income ratio of 'below 55%' (previous target: ~55%) and a CET1 ratio of 'below 20%' (previous target: 23%). The most significant change in the targets, in our view, is the lowered CET1 ratio target, which will support the ROE target. After a number of years with increasing CET1 targets across most banks including BankNordik, it is encouraging to see capital distribution to shareholders being a high priority. On top of the financial targets, BankNordik announced its ambition to reduce its direct scope 1 CO_2 emissions to 0 tonnes in 2025. This will lead to a 70% overall reduction in the bank's CO_2 emissions compared to 2020 (the base year). BankNordik will start to disclose data on gender pay gaps, which the bank intends to eliminate through a constant focus internally.

Aside from the extraordinary income boost from the sale of the Danish activities in 2021, BankNordik is gradually improving its ROE

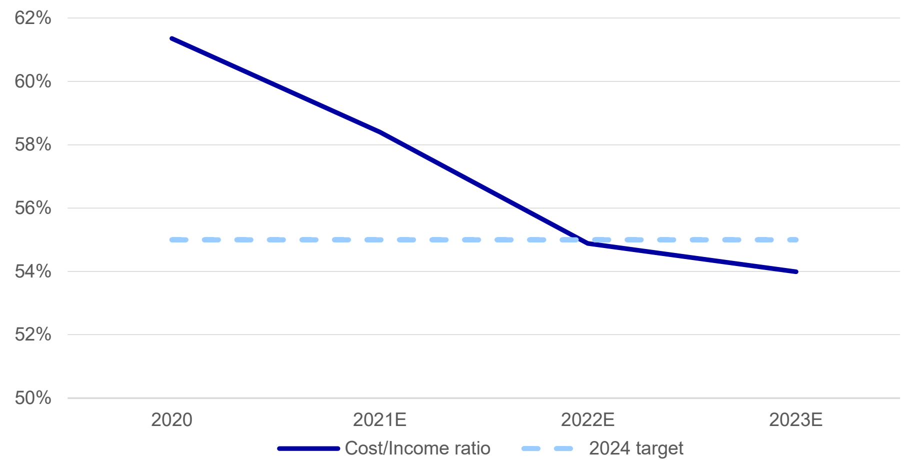
2020-23E RETURN ON EQUITY AND 2024 TARGET



Source: Company data and Nordea estimates

We estimate a continuous improvement in the cost/income ratio towards 2024; we expect it to reach its 2024 target of 'below 55%' in 2022

2020-23E COST/INCOME RATIO AND 2024 TARGET

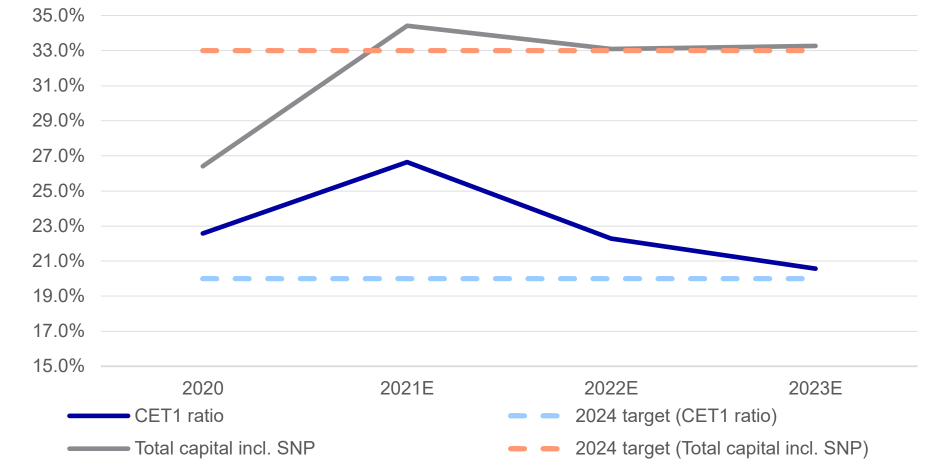


Source: Company data and Nordea estimates

We expect the CET1 ratio to gradually move down towards the 2024 target of 'below 20%'

We expect to see the largest decline in the capital ratio in 2022, amid the distribution of the remaining DKK 250m in EO dividends following the sale of its Danish activities

2020-23E CET1 RATIO AND TOTAL CAPITAL RATIO INCLUDING SNP AND 2024 TARGETS



Source: Company data and Nordea estimates

Estimates

CHANGES TO OUR ESTIMATES

	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
DKKm		**New estimates**			**Change in estimates**			**Old estimates**	
Net interest income	263	266	269	0%	-4%	-4%	264	276	280
Net fee and commission income	76	78	80	3%	7%	8%	74	72	74
Net insurance income	39	48	49	-8%	0%	0%	43	48	49
Other income	33	33	33	6%	10%	10%	31	30	30
Total Income	**411**	**424**	**432**	**0%**	**0%**	**0%**	**412**	**426**	**433**
Total Expenses	**-240**	**-233**	**-233**	**2%**	**2%**	**1%**	**-235**	**-228**	**-231**
Profit before loan losses	**171**	**191**	**199**	**-3%**	**-4%**	**-2%**	**177**	**199**	**202**
Loan losses	48	-15	-25	-11%	0%	0%	43	-15	-25
Operating profits	**219**	**176**	**174**	**0%**	**-4%**	**-2%**	**220**	**184**	**177**
Earning from investment portfolio	-12	0	0	11%	-	-	-13	0	0
Non-recurring and industry solutions	82	0	0	2%	-	-	81	0	0
Profit before tax	**300**	**176**	**174**	**1%**	**-4%**	**-2%**	**297**	**184**	**177**
Discontinued operations before tax	10	0	0	0%	-	-	10	0	0
Taxes	-61	-34	-33	3%	-4%	-2%	-59	-35	-34
Net profit	**239**	**143**	**141**	**0%**	**-4%**	**-2%**	**238**	**149**	**143**
EPS adj, DKK	**17.7**	**15.2**	**16.8**	**0%**	**2%**	**17%**	**17.6**	**14.8**	**14.3**
DPS, DKK	**59.7**	**37.6**	**9.3**	**0%**	**80%**	**-55%**	**59.6**	**20.9**	**20.6**

Source: Company data and Nordea estimates

DEVIATION TABLE

	Actual	NDA	Deviation		Actual	q/q	Actual	y/y
DKKm	**Q3 2021**	**Q3 21E**	**vs. Actual**		**Q2 21**	**growth**	**Q3 20**	**growth**
Net interest income	66	66	0	-1%	66	1%	65	2%
Net fee and commission income	19	18	1	6%	20	-7%	15	27%
Net insurance income	7	11	-4	-33%	14	-50%	18	-62%
Other income	8	7	2	23%	9	-12%	6	45%
Total Income	**100**	**101**	**-1**	-1%	**109**	-8%	**104**	-4%
Total Expenses	**59**	**56**	**3**	6%	**62**	-4%	**57**	3%
Profit before loan losses	**41**	**45**	**-4**	**-10%**	**47**	**-13%**	**47**	**-12%**
Loan losses	13	20	-7	-35%	27	-51%	-2	-
Operating profit	**54**	**65**	**-11**	**-18%**	**74**	**-27%**	**44**	**21%**
Market value adjustments	-1	-3	2	-67%	-4	-76%	4	-
Non-recurring and industry solutions	2	0	2	-	4	-51%	0	-
Pre tax profit	**54**	**62**	**-8**	**-14%**	**74**	**-27%**	**82**	**-35%**
Discontinued operations before tax	0	0	0	-	0	-	35	-
Taxes	-11	-12	1	-7%	-15	-27%	-17	-37%
Net profit	**43**	**51**	**-8**	**-15%**	**59**	**-27%**	**65**	**-34%**
CET1 ratio	**26.1%**	**27.9%**	**-1.8 pp**		**25.7%**	**0.4 pp**	**21.1%**	**5.0 pp**

Source: Company data and Nordea estimates

Reported numbers and forecasts

QUARTERLY KEY DATA

SHARE DATA

DKKm	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
EPS, DKK	-2.56	8.68	6.85	4.56	9.82	6.21	4.49	4.48
EPS adj, DKK	-2.56	8.68	6.85	4.56	3.40	5.87	4.34	4.48
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)	99.00	101.00	110.00	152.00	156.00	168.50	160.50	151.00
Market cap. (m)	939	958	1,044	1,447	1,489	1,609	1,441	1,441
Dil. number of shares period end (m)	9	9	9	10	10	10	10	10

VALUATION

(x)	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
P/E	n.m.	2.9	4.0	8.3	4.0	6.8	8.4	8.4
P/E (adj.)	n.m.	2.9	4.0	8.3	11.5	7.2	8.7	8.4
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 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
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	19.8%	20.3%	21.1%	22.6%	31.0%	25.7%	26.1%	26.6%
BIS III T1-ratio	21.2%	21.8%	22.6%	24.1%	33.1%	27.8%	28.2%	28.8%
BIS III T2-ratio	23.3%	24.0%	24.9%	26.4%	36.2%	29.2%	29.6%	30.2%
Tang. Equity/Assets	13.2%	13.7%	14.1%	13.1%	19.3%	19.7%	21.1%	17.5%
Tang. Equity/Lending	22.4%	23.4%	24.1%	29.8%	31.0%	31.1%	31.7%	26.3%
Leverage ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CREDIT QUALITY

DKKm	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
Impaired loans	0	0	0	0	0	0	0	0
Loan loss reserves	511	483	471	328	326	325	323	321
Coverage ratio	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Loan loss reserves / Total loans	5.14%	4.87%	4.78%	3.76%	4.33%	4.32%	4.25%	4.23%
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. Impared loans/Impaired loans	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Loan loss ratio	0.72%	-0.63%	0.09%	-0.39%	0.18%	-1.44%	-0.68%	-0.63%
Growth loan loss reserves (y/y)	-13%	-10%	-11%	-34%	-36%	-33%	-31%	-2%
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 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
RoE	-4.3%	14.4%	11.1%	7.5%	5.7%	9.6%	6.9%	7.8%
RoTBV	-4.3%	14.5%	11.1%	7.5%	5.7%	9.6%	6.9%	7.8%
C/I	-67.6%	-62.2%	-54.9%	-61.8%	-60.7%	-56.6%	-59.1%	-57.4%
NII-margin	2.52%	2.62%	2.64%	2.99%	3.39%	3.48%	3.50%	3.53%

REVENUE DISTRIBUTION

Adjusted for non-rec. Items	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
Net Interest Income	72%	69%	63%	65%	66%	60%	66%	64%
Net Commission Income	18%	14%	14%	16%	18%	19%	19%	19%
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	6%	6%	5%	8%	9%	8%	8%	6%

Source: Company data and Nordea estimates

QUARTERLY INCOME STATEMENT AND BALANCE SHEET

INCOME STATEMENT

DKKm	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
Net Interest Income	63	65	65	65	64	66	66	67
Net Commission Income	16	13	15	16	17	20	19	20
Net result from financial transactions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net insurance income	4	12	18	12	7	14	7	12
Other income	5	5	6	8	9	9	8	7
Total revenues	**87**	**95**	**104**	**101**	**97**	**109**	**100**	**104**
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.
Total Expenses	**59**	**59**	**57**	**62**	**59**	**62**	**59**	**60**
Profit before loan losses	**28**	**36**	**47**	**38**	**38**	**47**	**41**	**44**
Loan losses	-18	16	-2	10	-3	27	13	12
Write-downs on assets	0	0	0	0	77	4	2	0
Operating profit	**-30**	**103**	**82**	**51**	**118**	**74**	**54**	**53**
Taxes	5	-21	-17	-7	-24	-15	-11	-11
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.
Net profit to equity	**-24**	**82**	**65**	**43**	**94**	**59**	**43**	**43**

BALANCE SHEET

DKKm	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
Cash / Interbank	158	187	141	208	934	1,065	564	564
Loans to credit institutions	471	913	1,257	1,178	138	455	522	522
Loans to the public	9,971	9,880	9,829	7,608	7,450	7,601	7,592	7,606
Goodwill and other intangibles	11	11	12	2	2	2	3	3
Total assets	**16,940**	**16,868**	**16,747**	**17,290**	**11,971**	**12,001**	**11,416**	**11,431**
Interbank/owed to credit institutions	**482**	**52**	**47**	**28**	**1,263**	**1,038**	**48**	**48**
Deposits	13,534	13,777	13,613	7,733	7,513	7,642	7,417	7,417
Subordinated loans	224	224	225	225	225	99	99	99
Minority interest	0	0	0	0	0	0	0	0
Shareholders equity	2,239	2,321	2,379	2,271	2,313	2,369	2,410	2,001
Total equity and liabilities	**16,940**	**16,868**	**16,747**	**17,290**	**11,971**	**12,001**	**11,416**	**11,431**
Loans to deposits	74%	72%	72%	98%	99%	99%	102%	103%
Non-mortg. loans to deposits	74%	72%	72%	98%	99%	99%	102%	103%
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 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
Net interest income	-31%	-28%	-28%	-31%	2%	1%	2%	3%
Net commission income	-67%	-71%	-68%	-67%	9%	57%	26%	22%
Total Revenues	**-45%**	**-42%**	**-37%**	**-41%**	**11%**	**15%**	**-3%**	**4%**
Staff costs	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total expenses	**-51%**	**-51%**	**-51%**	**-47%**	**0%**	**5%**	**4%**	**-3%**
Profit before loan losses	-26%	-17%	-5%	-29%	35%	32%	-12%	16%
Operating profit	n.m.	20%	64%	-30%	n.m.	-32%	-36%	6%
Net profit to equity	**n.m.**	**27%**	**61%**	**-26%**	**n.m.**	**-32%**	**-36%**	**-2%**
Loans to the public (rep)	0%	-2%	-2%	-23%	-25%	-23%	-23%	0%
Deposits	-7%	-6%	-5%	-49%	-44%	-45%	-46%	-4%
Assets	-3%	-5%	-5%	-5%	-29%	-29%	-32%	-34%
REA growth (BIS Trans)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
REA growth (BIS III)	-3%	-4%	-7%	-9%	-32%	-31%	-29%	-28%

Source: Company data and Nordea estimates

ANNUAL KEY DATA

SHARE DATA

DKKm	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
EPS, DKK	-15.85	-22.07	22.29	19.43	26.55	21.70	17.49	25.03	15.80	17.45
EPS adj, DKK	-15.85	19.69	16.47	19.43	19.95	22.95	16.91	17.71	15.18	16.76
BVPS	199.9	176.6	194.9	185.5	207.6	238.5	237.9	209.6	189.1	202.3
TVBS	146.9	176.6	194.9	185.5	206.9	237.5	237.6	209.3	188.8	202.0
DPS (tot., DKK)	2.00	2.00	30.00	4.00	7.32	7.00	5.00	59.65	37.59	9.30
Dividend pay-out ratio	n.m.	n.m.	135%	21%	28%	32%	29%	238%	238%	53%
Share repurchases (per share)	0.00	0.00	0.00	0.00	0.00	1.61	0.70	0.00	0.00	17.54
Total pay-out ratio	-13%	-9%	27%	21%	27%	40%	33%	238%	225%	157%
Share price (period end)	105	128	136	106	109	109	152	151	151	151
Market cap. (m)	1,045	1,275	1,355	1,040	1,038	1,034	1,451	1,441	1,291	1,141
Dil. number of shares	10	10	10	10	10	9	10	10	9	8

VALUATION

(x)	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E	n.m.	n.m.	6.1	5.5	4.1	5.0	8.7	6.0	9.6	8.7
P/E (adj.)	n.m.	6.5	8.2	5.5	5.4	4.8	9.0	8.5	9.9	9.0
P/BV	0.52	0.72	0.70	0.57	0.52	0.46	0.64	0.72	0.80	0.75
P/TBV	0.71	0.72	0.70	0.57	0.52	0.46	0.64	0.72	0.80	0.75
Dividend yield (tot.)	1.9%	1.6%	22.1%	3.8%	6.7%	6.4%	3.3%	39.5%	24.9%	6.2%
Total yield	1.9%	1.6%	22.1%	3.8%	6.7%	7.9%	3.7%	39.5%	24.9%	17.8%

CAPITAL RATIOS

%	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
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	1,409	1,593	1,566	1,731	1,874	2,023	2,206	1,877	1,541	1,454
BIS III REA	11,943	11,463	9,790	9,895	10,621	10,764	9,774	7,044	6,916	7,070
BIS III CET1-ratio	11.8%	13.9%	16.0%	17.5%	17.6%	18.8%	22.6%	26.6%	22.3%	20.6%
BIS III T1-ratio	12.9%	14.8%	16.0%	17.5%	17.6%	20.2%	24.1%	28.8%	24.4%	22.7%
BIS III Capital ratio	14.7%	16.8%	18.3%	19.7%	19.8%	22.3%	26.4%	30.2%	25.9%	24.1%
Tang. Equity/Assets	8.9%	10.9%	12.5%	11.5%	11.9%	12.4%	13.1%	17.5%	14.0%	13.0%
Tang. Equity/Lending	14.0%	16.5%	21.3%	19.1%	19.9%	22.7%	29.8%	26.3%	20.9%	19.3%
Leverage ratio	8.5%	9.8%	10.1%	11.0%	11.2%	11.1%	12.8%	16.4%	13.3%	12.4%

CREDIT QUALITY

DKKm	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Impaired loans	0	0	0	0	0	0	0	0	0	0
Loan loss reserves	997	671	679	511	607	496	328	321	315	309
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	9.52%	6.34%	6.85%	5.48%	6.23%	5.00%	3.74%	4.23%	4.11%	3.94%
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. Impared 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	0.82%	0.19%	-0.12%	-0.66%	-1.16%	-1.06%	-0.05%	-0.64%	0.20%	0.32%
Growth loan loss reserves (y/y)	7%	-33%	1%	-25%	19%	-18%	-34%	-2%	-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	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
RoE	-7.6%	10.5%	8.8%	10.1%	10.2%	10.3%	7.1%	7.9%	7.6%	8.6%
RoTBV	-11.2%	12.2%	8.8%	10.1%	10.2%	10.3%	7.1%	7.9%	7.6%	8.6%
C/I	-70.0%	-70.9%	-71.9%	-71.3%	-71.9%	-71.9%	-61.4%	-58.4%	-54.9%	-54.0%
NII-margin	4.80%	4.42%	4.18%	4.15%	3.83%	3.67%	2.87%	3.36%	3.37%	3.35%

REVENUE DISTRIBUTION

Adjusted for non-rec. Items	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Net Interest Income	67%	64%	65%	60%	59%	55%	65%	62%	61%	61%
Net Commission Income	25%	31%	30%	29%	27%	29%	16%	19%	18%	19%
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%	1%	1%	5%	7%	7%	6%	8%	8%	8%

Source: Company data and Nordea estimates

ANNUAL INCOME STATEMENT AND BALANCE SHEET

INCOME STATEMENT

DKKm	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Net Interest Income	503	468	414	387	373	367	258	263	266	269
Net Commission Income	191	226	192	186	172	189	60	76	78	80
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	47	28	26	44	44	53	45	39	48	49
Other income	13	11	9	31	46	49	24	33	33	33
Total revenues	**754**	**734**	**641**	**648**	**635**	**658**	**387**	**411**	**424**	**432**
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.
Total Expenses	**528**	**520**	**461**	**462**	**457**	**473**	**237**	**240**	**233**	**233**
Profit before loan losses	**227**	**214**	**180**	**186**	**179**	**185**	**149**	**171**	**191**	**199**
Loan losses	-86	-20	12	60	111	106	5	48	-15	-25
Write-downs on assets	-263	-523	-12	-18	72	-13	0	82	0	0
Operating profit	**-123**	**-332**	**279**	**234**	**324**	**261**	**207**	**300**	**176**	**174**
Taxes	-35	111	-58	-44	-66	-54	-40	-61	-34	-33
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.
Net profit to equity	**-158**	**-221**	**221**	**191**	**257**	**207**	**166**	**239**	**143**	**141**

BALANCE SHEET

DKKm	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Cash / Interbank	439	361	217	251	180	252	208	564	564	564
Loans to credit institutions	521	411	817	617	914	878	1,178	522	522	522
Loans to the public	10,492	10,675	9,141	9,537	9,956	9,909	7,608	7,606	7,741	7,913
Goodwill and other intangibles	530	0	0	0	7	10	2	3	3	3
Total assets	**16,536**	**16,248**	**15,552**	**15,785**	**16,700**	**18,173**	**17,290**	**11,431**	**11,566**	**11,737**
Interbank/owed to credit institutions	**591**	**575**	**342**	**360**	**299**	**55**	**28**	**48**	**48**	**48**
Deposits	12,604	12,680	12,669	13,083	13,878	15,164	7,733	7,417	7,417	7,417
Subordinated loans	459	452	222	223	223	224	225	99	99	99
Minority interest	0	0	0	0	0	0	0	0	0	0
Shareholders equity	1,999	1,766	1,949	1,820	1,987	2,263	2,271	2,001	1,617	1,529
Total equity and liabilities	**16,536**	**16,248**	**15,579**	**15,785**	**16,700**	**18,173**	**17,290**	**11,431**	**11,566**	**11,737**
Loans to deposits	83%	84%	72%	73%	72%	65%	98%	103%	104%	107%
Non-mortg. loans to deposits	83%	84%	72%	73%	72%	65%	98%	103%	104%	107%
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	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Net interest income	-12%	-7%	-12%	-6%	-4%	-2%	-31%	2%	1%	1%
Net commission income	1%	18%	-15%	-3%	-7%	10%	-68%	27%	2%	3%
Total Revenues	**-11%**	**-3%**	**-13%**	**1%**	**-2%**	**4%**	**-41%**	**6%**	**3%**	**2%**
Staff costs	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Total expenses	**-9%**	**-1%**	**-11%**	**0%**	**-1%**	**4%**	**-50%**	**1%**	**-3%**	**0%**
Profit before loan losses	-14%	-5%	-16%	4%	-4%	3%	-19%	15%	12%	4%
Operating profit	-207%	254%	9%	13%	4%	7%	-21%	45%	-41%	-2%
Net profit to equity	**-273%**	**224%**	**-17%**	**17%**	**1%**	**13%**	**-26%**	**5%**	**-19%**	**-2%**
Loans to the public (rep)	0%	2%	-14%	4%	4%	0%	-23%	0%	2%	2%
Deposits	3%	1%	0%	3%	6%	9%	-49%	-4%	0%	0%
Assets	-3%	-2%	-4%	1%	6%	9%	-5%	-34%	1%	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)	4%	-4%	-15%	1%	7%	1%	-9%	-28%	-2%	2%

Source: Company data and Nordea estimates

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Completion Date

03 Nov 2021, 05:47 CET

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