

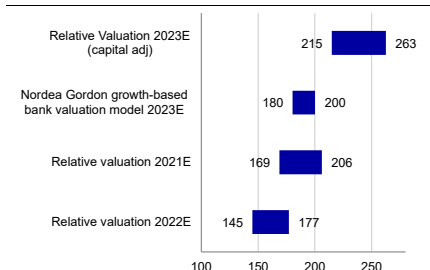
KEY DATA

Stock country	Faroe Islands
Bloomberg	BNORDIK DC
Reuters	BNORDIK.CO
Share price (close)	DKK 150.0
Free Float	65%
Market cap. (bn)	EUR 0.19/DKK 1.43
Website	www.banknordik.com
Next report date	25 Feb 2022

PERFORMANCE



VALUATION APPROACH



ESTIMATE CHANGES

Year	2021E	2022E	2023E
Total revenue	0%	1%	0%
Total costs	0%	0%	0%
Profit before loan losses	-1%	2%	-1%
PTP	13%	5%	-1%
DPS (ord)	3%	32%	44%
EPS (adj)	18%	-1%	-12%

Source: Nordea estimates

Nordea Markets - Analysts

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Cash is king

On Friday, 28 January, BankNordik lifted its 2021 net profit guidance to DKK 270m (previously DKK 230-250m), led by a positive asset quality development. Similar to its Danish peers, BankNordik also provided its initial outlook for 2022, stating that it expects net profit of DKK 130-160m for the year. We lift our estimate to DKK 150m. With the announcement of its 2024 capital targets in conjunction with its Q3 report, BankNordik has set the stage for excessive capital distributions in the years ahead. We expect its capital optimisation efforts to yield a negative effect on NII, albeit partly offset by positive effects from repricing initiatives within the insurance portfolio. We hence lower 2023E NII by ~2% and increase 2022E-23E net insurance income by ~4%. Our new Gordon growth-based fair value is DKK 180-200 (163-186).

~76% total payout yield until 2024E

To execute its new capital plan (targeting CET1 ratio below 20% by 2024) without breaching the stipulated limits of the Danish FSA's Supervisory Diamond, BankNordik will have to mitigate the credit risk of large exposures. Meanwhile, the action warrants an REA reduction, thus calling for further capital distribution, according to the new CET1 target. We now account for this dynamic (see next section for more details) and increase the total 2022E-24E capital distribution by DKK ~90m (~6% of market cap). This results in a payout yield of ~76%, i.e. we estimate DKK ~475m of total payouts for 2022 (including a DKK 250m extraordinary dividend from the sale of its Danish business to Spar Nord), while we see a total payout ratio above 150% for 2023-24.

2022E net profits up 5%, 2023E down 1%

We raise 2022E net profit by 5%, led by a positive impact from insurance repricing and continued solid asset quality, while we expect NII headwinds to weigh on profitability for 2023E, following the anticipated capital optimisation efforts. We lower 2022E-23E EPS by 1-12% as we now pencil in dividends rather than buybacks for 2022. We estimate 2022 net profit of DKK 150m and hence expect BankNordik to aim above the midpoint of its new 2022 guidance range.

New fair value range of DKK 180-200 (163-186)

Since the beginning of 2022, most Danish banks' share prices have soared, up 10-20% following mostly low-quality 2021 guidance upgrades. During the same period, BankNordik has seen market cap gains of ~5%. As such, BankNordik is now currently trading at a capital-adjusted 2023E P/E of 5.6x, which is ~40% below Danish peers.

SUMMARY TABLE - KEY FIGURES

DKKm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	648	635	658	387	409	428	430
Total costs	462	457	473	237	240	233	233
LL-ratio	-0.64%	-1.14%	-1.06%	-0.06%	-1.12%	0.13%	0.32%
PTP	234	324	261	207	338	185	172
RoE	10.1%	13.5%	9.7%	7.3%	12.5%	7.8%	8.3%
RoTBV (adj)	10.1%	10.2%	10.3%	7.1%	9.3%	7.5%	8.0%
P/E (adj)	5.5	5.4	4.8	9.0	7.2	9.9	10.2
P/BV	0.57	0.52	0.46	0.64	0.70	0.80	0.83
P/TBV	0.57	0.52	0.46	0.64	0.71	0.80	0.83
BIS III CT1-ratio	17.5%	17.6%	18.8%	22.6%	26.9%	23.1%	21.3%
DPS (ord, DKK)	4.00	7.32	7.00	5.00	61.25	49.74	13.41
Dividend Yield (ord)	3.77%	6.74%	6.42%	3.29%	40.83%	33.16%	8.94%
Total payout ratio	0.21	0.27	0.40	0.33	2.17	3.17	0.82

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	265	0%	0%	-2%	263	266	269
Net fee and commission income	77	79	81	1%	1%	1%	76	78	80
Net insurance income	37	50	51	-6%	4%	4%	39	48	49
Other income	33	33	33	0%	0%	0%	33	33	33
Total Income	409	428	430	0%	1%	0%	411	424	432
Total Expenses	-240	-233	-233	0%	0%	0%	-240	-233	-233
Profit before loan losses	169	195	197	-1%	2%	-1%	171	191	199
Loan losses	85	-10	-25	-77%	-33%	0%	48	-15	-25
Operating profits	254	185	172	16%	5%	-1%	219	176	174
Earning from investment portfolio	-9	0	0	25%	-	-	-12	0	0
Non-recurring and industry solutions	82	0	0	0%	-	-	82	0	0
Profit before tax	338	185	172	13%	5%	-1%	300	176	174
Discontinued operations before tax	10	0	0	0%	-	-	10	0	0
Taxes	-68	-35	-33	13%	5%	-1%	-61	-34	-33
Net profit	269	150	139	13%	5%	-1%	239	143	141
EPS adj, DKK	20.9	15.1	14.8	18%	-1%	-12%	17.7	15.2	16.8
DPS, DKK	61.2	49.7	13.4	3%	32%	44%	59.7	37.6	9.3

Source: Company data and Nordea estimates

A closer look at the payout dynamics

Given its current sum of large exposures, BankNordik is set to de-risk parts of its credit exposure via capital relief guarantees. This continues its capital repatriation plan to comply with the Danish FSA's Supervisory Diamond. Mitigating large exposures, however, will also reduce REA, which triggers further capital distribution, according to the bank's 2024 capital target of a CET1 ratio below 20%. We now account for this dynamic, increasing our capital distribution estimate by DKK 90m (~6% of market cap) until 2024, resulting in a total payout yield of ~76%. On the negative side, we expect a DKK ~5m headwind on NII for 2024E. Our estimate assumes a 'sum of large exposures' target ratio of ~163% (175% limit value). If we instead assume a retention of BankNordik's reported ratio from Q3 2021 (~150%), this would imply a DKK ~40m additional capital distribution until 2024E and a DKK ~2m additional headwind to 2024E profitability (pre-tax), all else equal.

The Danish FSA's "Supervisory Diamond" stipulates several benchmarks and sets limit values for special risk areas within banking to counteract excessive risk-taking. All Danish banks (including in the Faroes) must comply with these limit values and the Danish FSA may sanction any breach thereof.

FSA regulation to trigger further capital repatriation

As of Q3 2021, BankNordik was in compliance with all Supervisory Diamond standards

As of Q3 2021, BankNordik was comfortably in compliance with all five benchmark standards according to the Danish Supervisory Diamond. Looking at developments since Q3 2020, however, BankNordik has reported an increase in its 'sum of large exposures' benchmark, which measures the sum of the bank's 20 largest exposures relative to its CET1 capital (and net of credit risk reductions). During the same period, BankNordik increased its CET1 ratio by ~5 pp, but this was driven by a DKK ~2.6bn REA reduction following the sale of its Danish activities to Spar Nord, rather than actual capital accumulation. In fact, BankNordik reduced its CET1 capital by DKK ~250m between Q3 2020 and Q3 2021, while the sum of large exposures has seemingly remained stable at DKK ~2.7bn.

COMPLIANCE WITH THE DANISH SUPERVISORY DIAMOND, Q3 2021 VS Q3 2020

	Q3 2021	Q3 2020	FSA limit
Sum of large exposures	147.8%	129.7%	< 175% CET1
Liquidity indicator	189.1%	236.0%	> 100%
Lending growth	1.6%	-1.5%	< 20%
Commercial property exposure	11.0%	7.7%	< 25%
Funding ratio	76.0%	64.0%	< 100%

Source: Company data and Nordea estimates

Credit risk mitigations demand further capital repatriation, according to the current 2024 capital target

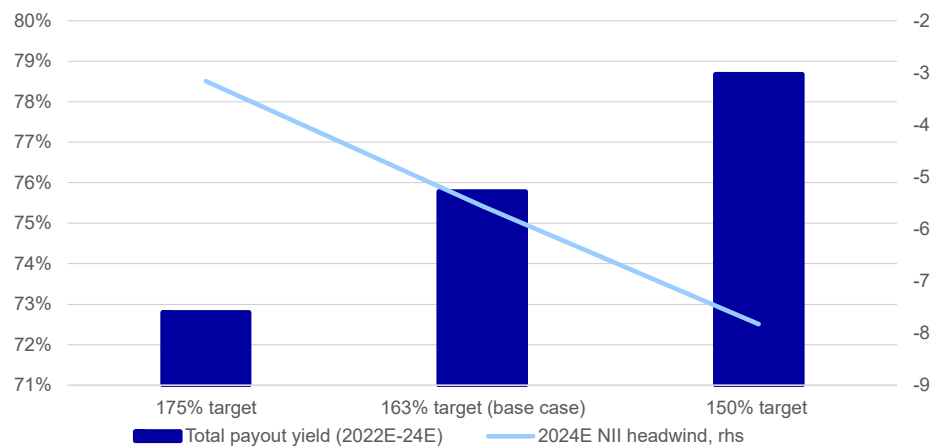
With its new financial targets, BankNordik is aiming for a CET1 ratio of below 20% for 2024. Given its current CET1 capital ratio of 26.1%, BankNordik is set to further reduce CET1 capital to deliver on this new capital target. Meanwhile, given its current large exposure benchmark ratio (~150%), BankNordik will have to mitigate credit risk from large exposures in order to proceed with its capital repatriation plan according to the Danish FSA standards – if BankNordik was to reach its 2024 capital target without mitigating large exposures, we estimate the bank would be heading towards a benchmark value of ~190% (~15 pp above the FSA limit value). Therefore, as outlined in its Q3 2021 presentation, BankNordik is planning to use capital relief guarantees, e.g. from EKF (EKF Danmarks Eksportkredit), to mitigate large exposures. As BankNordik reduces these credit risks, overall risk exposure (REA) will follow, which again lowers the implied CET1 capital, according to the 2024 capital target. Mitigating large exposures is hence likely to trigger further capital repatriation, all else equal. On the negative side, however, the use of capital relief guarantees will have a negative effect on NII.

Illustrating the dynamics

Effects from the use of capital relief guarantees are subject to several moving parts, including the implied large exposure benchmark target, the marginal effect on capital consumption, and the derived affect on NII. Below we illustrate the dynamics based on three benchmark targets for the sum of large exposure ratio: 175%, 162.5% (base case) and 150%. We assume credit risk reductions from capital relief guarantees will have a pro rata effect on REA and that the costs of the guarantee commitments amounts to 1% of the guaranteed amount.

In short, BankNordik will have to increase credit risk mitigation efforts to reach lower benchmark targets, which lowers REA and boosts payouts. On the negative side, lowering the benchmark increases costs associated with guaranteed commitments, which would weigh on profitability. Assuming a benchmark target of 162.5% (the midpoint between the current level and the FSA limit value), we estimate BankNordik needs to reduce its nominal CET1 capital by DKK ~500m from the reported Q3 2021 level, while we estimate a DKK -5m impact on 2024E NII. If we instead were to model a 150% benchmark ratio – which would increase BankNordik's flexibility in regard to future credit commitments – this would imply an additional DKK ~40m (~3% of market cap) of capital distributions until 2024E with a DKK ~2m additional headwind on 2024E NII (pre-tax).

'SUM OF LARGE EXPOSURE' TARGET VS PAYOUT RATIO (%) AND NII HEADWIND (DKKm)



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	7.67
EPS adj, DKK	-2.56	8.68	6.85	4.56	3.40	5.87	4.34	7.67
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	140.50
Market cap. (m)	939	958	1,044	1,447	1,489	1,609	1,432	1,432
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	4.9
P/E (adj.)	n.m.	2.9	4.0	8.3	11.5	7.2	8.6	4.9
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%	26.9%
BIS III T1-ratio	21.2%	21.8%	22.6%	24.1%	33.1%	27.8%	28.2%	29.0%
BIS III T2-ratio	23.3%	24.0%	24.9%	26.4%	36.2%	29.2%	29.6%	30.4%
Tang. Equity/Assets	13.2%	13.7%	14.1%	13.1%	19.3%	19.7%	21.1%	17.7%
Tang. Equity/Lending	22.4%	23.4%	24.1%	29.8%	31.0%	31.1%	31.7%	26.7%
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. Impaired 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%	-0.44%	0.18%	-1.42%	-0.68%	-2.58%
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%	13.2%
RoTBV	-4.3%	14.5%	11.1%	7.5%	5.7%	9.6%	6.9%	13.2%
C/I	-67.6%	-62.2%	-54.9%	-61.8%	-60.7%	-56.6%	-59.1%	-58.6%
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%	65%
Net Commission Income	18%	14%	14%	16%	18%	19%	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	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	9
Other income	5	5	6	8	9	9	8	7
Total revenues	87	95	104	101	97	109	100	102
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	42
Loan losses	-18	16	-2	10	-3	27	13	49
Write-downs on assets	0	0	0	0	77	4	2	0
Operating profit	-30	103	82	51	118	74	54	91
Taxes	5	-21	-17	-7	-24	-15	-11	-18
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	73

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	2,031
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%	25%
Total Revenues	-45%	-42%	-37%	-41%	11%	15%	-3%	2%
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%	11%
Operating profit	n.m.	20%	64%	-30%	n.m.	-32%	-36%	81%
Net profit to equity	n.m.	27%	61%	-26%	n.m.	-32%	-36%	68%
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	28.21	15.67	15.38
EPS adj, DKK	-15.85	19.69	16.47	19.43	19.95	22.95	16.91	20.89	15.09	14.77
BVPS	199.9	176.6	194.9	185.5	207.6	238.5	237.9	212.8	187.4	181.0
TVBS	146.9	176.6	194.9	185.5	206.9	237.5	237.6	212.5	187.2	180.7
DPS (tot., DKK)	2.00	2.00	30.00	4.00	7.32	7.00	5.00	61.25	49.74	13.41
Dividend pay-out ratio	n.m.	10%	182%	21%	37%	31%	30%	293%	330%	91%
Share repurchases (per share)	0.00	0.00	0.00	0.00	0.00	1.61	0.70	0.00	0.00	0.00
Total pay-out ratio	-13%	-9%	27%	21%	27%	40%	33%	217%	317%	82%
Share price (period end)	105	128	136	106	109	109	152	141	150	150
Market cap. (m)	1,045	1,275	1,355	1,040	1,038	1,034	1,451	1,432	1,432	1,282
Dil. number of shares	10	10	10	10	10	9	10	10	10	9

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	5.3	9.6	9.7
P/E (adj.)	n.m.	6.5	8.2	5.5	5.4	4.8	9.0	7.2	9.9	10.2
P/BV	0.52	0.72	0.70	0.57	0.52	0.46	0.64	0.70	0.80	0.83
P/TBV	0.71	0.72	0.70	0.57	0.52	0.46	0.64	0.71	0.80	0.83
Dividend yield (tot.)	1.9%	1.6%	22.1%	3.8%	6.7%	6.4%	3.3%	40.8%	33.2%	8.9%
Total yield	1.9%	1.6%	22.1%	3.8%	6.7%	7.9%	3.7%	40.8%	33.2%	8.9%

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	1,892	1,560	1,427
BIS III REA	11,943	11,463	9,790	9,895	10,621	10,764	9,774	7,044	6,756	6,716
BIS III CET1-ratio	11.8%	13.9%	16.0%	17.5%	17.6%	18.8%	22.6%	26.9%	23.1%	21.3%
BIS III T1-ratio	12.9%	14.8%	16.0%	17.5%	17.6%	20.2%	24.1%	29.0%	25.3%	23.5%
BIS III Capital ratio	14.7%	16.8%	18.3%	19.7%	19.8%	22.3%	26.4%	30.4%	26.8%	25.0%
Tang. Equity/Assets	8.9%	10.9%	12.5%	11.5%	11.9%	12.4%	13.1%	17.7%	15.4%	13.2%
Tang. Equity/Lending	14.0%	16.5%	21.3%	19.1%	19.9%	22.7%	29.8%	26.7%	23.1%	19.5%
Leverage ratio	8.5%	9.8%	10.1%	11.0%	11.2%	11.1%	12.8%	16.5%	13.5%	12.2%

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. 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	0.82%	0.19%	-0.13%	-0.64%	-1.14%	-1.06%	-0.06%	-1.12%	0.13%	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%	9.3%	7.5%	8.0%
RoTBV	-11.2%	12.2%	8.8%	10.1%	10.2%	10.3%	7.1%	9.3%	7.5%	8.0%
C/I	-70.0%	-70.9%	-71.9%	-71.3%	-71.9%	-71.9%	-61.4%	-58.7%	-54.5%	-54.2%
NII-margin	4.80%	4.42%	4.18%	4.15%	3.83%	3.67%	2.87%	3.36%	3.37%	3.29%

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%	60%
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	265
Net Commission Income	191	226	192	186	172	189	60	77	79	81
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	37	50	51
Other income	13	11	9	31	46	49	24	33	33	33
Total revenues	754	734	641	648	635	658	387	409	428	430
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	169	195	197
Loan losses	-86	-20	12	60	111	106	5	85	-10	-25
Write-downs on assets	-263	-523	-12	-18	72	-13	0	82	0	0
Operating profit	-123	-332	279	234	324	261	207	338	185	172
Taxes	-35	111	-58	-44	-66	-54	-40	-68	-35	-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	269	150	139

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	2,031	1,789	1,547
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%	0%
Net commission income	1%	18%	-15%	-3%	-7%	10%	-68%	28%	3%	3%
Total Revenues	-11%	-3%	-13%	1%	-2%	4%	-41%	6%	5%	1%
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%	13%	15%	1%
Operating profit	-207%	254%	9%	13%	4%	7%	-21%	63%	-45%	-7%
Net profit to equity	-273%	224%	-17%	17%	1%	13%	-26%	24%	-28%	-7%
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%	-4%	-1%

Source: Company data and Nordea estimates

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