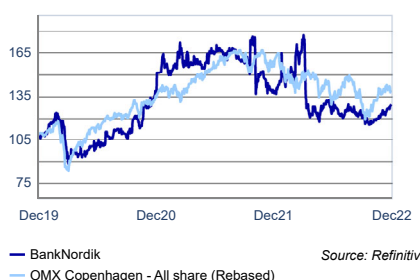


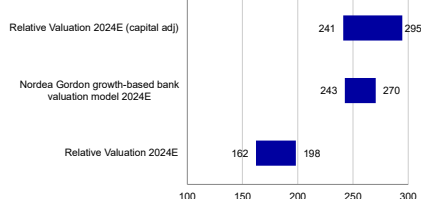
## KEY DATA

|                     |                    |
|---------------------|--------------------|
| Stock country       | Faroe Islands      |
| Bloomberg           | BNORDIK DC         |
| Reuters             | BNORDIK.CO         |
| Share price (close) | DKK 130.0          |
| Free Float          | 65%                |
| Market cap. (bn)    | EUR 0.17/DKK 1.24  |
| Website             | www.banknordik.com |
| Next report date    | 24 Feb 2023        |

## PERFORMANCE



## VALUATION APPROACH



## ESTIMATE CHANGES

| Year                      | 2022E | 2023E | 2024E |
|---------------------------|-------|-------|-------|
| Total revenue             | 1%    | 1%    | 1%    |
| Total costs               | 0%    | 0%    | 0%    |
| Profit before loan losses | 3%    | 2%    | 2%    |
| PTP                       | 13%   | 7%    | 7%    |
| DPS (ord)                 | 2%    | 3%    | 1%    |
| EPS (adj)                 | 13%   | 7%    | 4%    |

Source: Nordea estimates

## Nordea IB &amp; Equity - Analysts

**Jakob Brink**  
Director, Sector Coordinator

**Sebastian Grave**  
Analyst

## Guidance upgrade bodes well for 2023E-24E

Yesterday, BankNordik adjusted its 2022 net profit guidance upwards, from DKK 140-170m to DKK 160-190m. The upgrade was driven by the financial market's development and its impact on BankNordik's market value, as well as its better-than-expected operating profit YTD. We raise 2022E adjusted EPS by ~13% and 2023E-24E EPS by ~4-7%. We also lift our Gordon growth-based fair value range to DKK 243-270 (227-253). The share is trading at a 2024E excess capital-adjusted P/E of ~3.5x, roughly 55% below Danish peers.

## New upgrade after October's downgrade

Yesterday, BankNordik raised its 2022 net profit guidance from DKK 140-170m to DKK 160-190m. In the statement, BankNordik explained that the upgrade was led by the impact that current market developments have had on its market value adjustments, as well as better-than-expected operating profit up until now. In October 2022, BankNordik lowered its 2022 guidance, from DKK 160-190m to DKK 140-170m, to reflect the increased uncertainty in financial markets. Since then, markets have been benign, which has supported market value adjustments so far in Q4.

## We raise 2022E adjusted EPS by 13%

In light of the guidance upgrade, we raise our 2022 pre-tax profit estimate by DKK 25m, mainly driven by higher estimated market value adjustments but also by slightly higher loan loss reversals for 2022E. Overall, this means an increase to BankNordik's 2022E adjusted EPS of 13%. Moreover, short rates have increased by ~50 bp since our last report, which supports value adjustments; hence, we raise our 2023-24 net profit estimates by roughly DKK 15m and thus increase 2023E-24E adjusted EPS by 4-7%.

## New fair value range of DKK 243-270 (227-253)

We still estimate that roughly 70% of BankNordik's market cap is likely to be distributed to shareholders by 2024. Moreover, BankNordik seems to be on track to reach its 2024 targets for ROE of above 10% and a cost/income ratio below 55%. We currently estimate ROE of ~12% and a cost/income ratio of ~54% for 2024. Adjusted for excess capital and dividends, BankNordik currently trades at a P/E of ~3.5x, which puts the share at a ~55% discount to its Danish peers.

## SUMMARY TABLE - KEY FIGURES

| DKKm                 | 2018   | 2019   | 2020   | 2021   | 2022E  | 2023E  | 2024E  |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| Total revenue        | 635    | 658    | 387    | 407    | 450    | 493    | 482    |
| Total costs          | 457    | 473    | 237    | 236    | 248    | 254    | 262    |
| LL-ratio             | -1.14% | -1.06% | -0.06% | -1.01% | -0.64% | 0.56%  | 0.56%  |
| PTP                  | 324    | 261    | 207    | 340    | 219    | 254    | 234    |
| RoE                  | 13.5%  | 9.7%   | 7.3%   | 12.7%  | 9.2%   | 12.1%  | 12.5%  |
| RoTBV (adj)          | 10.2%  | 10.3%  | 7.1%   | 9.2%   | 8.9%   | 11.8%  | 12.1%  |
| P/E (adj)            | 5.4    | 4.8    | 9.0    | 6.8    | 7.2    | 5.7    | 5.2    |
| P/BV                 | 0.52   | 0.46   | 0.64   | 0.66   | 0.68   | 0.66   | 0.61   |
| P/TBV                | 0.52   | 0.46   | 0.64   | 0.66   | 0.68   | 0.66   | 0.61   |
| BIS III CT1-ratio    | 17.6%  | 18.8%  | 22.6%  | 27.5%  | 22.6%  | 21.6%  | 20.2%  |
| DPS (ord, DKK)       | 7.32   | 7.00   | 5.00   | 61.39  | 51.18  | 18.51  | 20.47  |
| Dividend Yield (ord) | 6.74%  | 6.42%  | 3.29%  | 43.69% | 39.37% | 14.24% | 15.74% |
| Total payout ratio   | 0.27   | 0.40   | 0.33   | 2.15   | 2.76   | 0.72   | 1.79   |

Source: Company data and Nordea estimates

# Estimates

## ESTIMATE REVISIONS

| DKK M                                | New estimates |             |             | Change in estimates |           |           | Old estimates |             |             |
|--------------------------------------|---------------|-------------|-------------|---------------------|-----------|-----------|---------------|-------------|-------------|
|                                      | 2022E         | 2023E       | 2024E       | 2022E               | 2023E     | 2024E     | 2022E         | 2023E       | 2024E       |
| Net interest income                  | 269           | 316         | 302         | 0%                  | 1%        | 1%        | 268           | 312         | 298         |
| Net fee and commission income        | 88            | 91          | 93          | 0%                  | 0%        | 0%        | 88            | 91          | 93          |
| Net insurance income                 | 51            | 53          | 54          | 6%                  | 0%        | 0%        | 48            | 53          | 54          |
| Other income                         | 41            | 33          | 33          | 3%                  | 0%        | 0%        | 40            | 33          | 33          |
| <b>Total Income</b>                  | <b>450</b>    | <b>493</b>  | <b>482</b>  | <b>1%</b>           | <b>1%</b> | <b>1%</b> | <b>445</b>    | <b>489</b>  | <b>478</b>  |
| <b>Total Expenses</b>                | <b>-248</b>   | <b>-254</b> | <b>-262</b> | <b>0%</b>           | <b>0%</b> | <b>0%</b> | <b>-248</b>   | <b>-254</b> | <b>-262</b> |
| <b>Profit before loan losses</b>     | <b>202</b>    | <b>239</b>  | <b>221</b>  | <b>3%</b>           | <b>2%</b> | <b>2%</b> | <b>197</b>    | <b>235</b>  | <b>217</b>  |
| Loan losses                          | 50            | -45         | -45         | -11%                | 0%        | 0%        | 45            | -45         | -45         |
| <b>Operating profits</b>             | <b>252</b>    | <b>194</b>  | <b>176</b>  | <b>4%</b>           | <b>2%</b> | <b>2%</b> | <b>242</b>    | <b>190</b>  | <b>172</b>  |
| Earning from investment portfolio    | -33           | 61          | 59          | 31%                 | 27%       | 23%       | -48           | 48          | 48          |
| Non-recurring and industry solutions | 0             | 0           | 0           | -                   | -         | -         | 0             | 0           | 0           |
| <b>Profit before tax</b>             | <b>219</b>    | <b>254</b>  | <b>234</b>  | <b>13%</b>          | <b>7%</b> | <b>7%</b> | <b>194</b>    | <b>237</b>  | <b>219</b>  |
| Discontinued operations before tax   | 0             | 0           | 0           | -                   | -         | -         | 0             | 0           | 0           |
| Taxes                                | -41           | -48         | -44         | 13%                 | 7%        | 7%        | -37           | -45         | -42         |
| <b>Net profit</b>                    | <b>177</b>    | <b>206</b>  | <b>190</b>  | <b>13%</b>          | <b>7%</b> | <b>7%</b> | <b>157</b>    | <b>192</b>  | <b>178</b>  |
| <b>EPS adj, DKK</b>                  | <b>18.0</b>   | <b>22.8</b> | <b>24.8</b> | <b>13%</b>          | <b>7%</b> | <b>4%</b> | <b>15.9</b>   | <b>21.4</b> | <b>23.8</b> |
| <b>DPS, DKK</b>                      | <b>51.2</b>   | <b>18.5</b> | <b>20.5</b> | <b>2%</b>           | <b>3%</b> | <b>1%</b> | <b>50.1</b>   | <b>17.9</b> | <b>20.3</b> |

Source: Nordea estimates

# Reported numbers and forecasts

## QUARTERLY KEY DATA

### SHARE DATA

| DKKm                                 | Q1 21  | Q2 21  | Q3 21  | Q4 21  | Q1 22  | Q2 22  | Q3 22E | Q4 22E |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| EPS, DKK                             | 9.82   | 6.18   | 4.44   | 8.05   | 5.05   | 4.50   | 2.14   | 6.87   |
| EPS adj, DKK                         | 3.40   | 5.84   | 4.29   | 7.51   | 5.05   | 4.50   | 2.14   | 6.87   |
| 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)             | 156.00 | 168.50 | 160.50 | 140.50 | 127.50 | 127.50 | 118.00 | 130.00 |
| Market cap. (m)                      | 1,489  | 1,609  | 1,532  | 1,341  | 1,217  | 1,217  | 1,241  | 1,241  |
| Dil. number of shares period end (m) | 10     | 10     | 10     | 10     | 10     | 10     | 10     | 10     |

### VALUATION

| (x)            | Q1 21 | Q2 21 | Q3 21 | Q4 21 | Q1 22 | Q2 22 | Q3 22E | Q4 22E |
|----------------|-------|-------|-------|-------|-------|-------|--------|--------|
| P/E            | 4.0   | 6.8   | 9.0   | 4.4   | 6.3   | 7.1   | 15.2   | 4.7    |
| P/E (adj.)     | 11.5  | 7.2   | 9.3   | 4.7   | 6.3   | 7.1   | 15.2   | 4.7    |
| 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 21 | Q2 21 | Q3 21 | Q4 21 | Q1 22 | Q2 22 | Q3 22E | Q4 22E |
|--------------------------|-------|-------|-------|-------|-------|-------|--------|--------|
| 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       | 31.0% | 25.7% | 26.1% | 23.8% | 23.8% | 23.3% | 22.9%  | 22.6%  |
| BIS III T1-ratio         | 33.1% | 27.8% | 28.2% | 26.0% | 26.1% | 25.5% | 25.0%  | 24.8%  |
| BIS III T2-ratio         | 36.2% | 29.2% | 29.6% | 27.5% | 27.5% | 26.9% | 26.4%  | 26.3%  |
| Tang. Equity/Assets      | 19.3% | 19.7% | 21.1% | 17.2% | 14.2% | 13.6% | 14.5%  | 15.0%  |
| Tang. Equity/Lending     | 31.0% | 31.1% | 31.7% | 26.7% | 22.0% | 22.5% | 22.0%  | 22.7%  |
| Leverage ratio           | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%  | 0.0%   | 0.0%   |

### CREDIT QUALITY

| DKKm                                | Q1 21 | Q2 21  | Q3 21  | Q4 21  | Q1 22  | Q2 22  | Q3 22E | Q4 22E |
|-------------------------------------|-------|--------|--------|--------|--------|--------|--------|--------|
| Impaired loans                      | 0     | 0      | 0      | 0      | 0      | 0      | 0      | 0      |
| Loan loss reserves                  | 326   | 325    | 323    | 321    | 320    | 318    | 317    | 315    |
| Coverage ratio                      | n.m.  | n.m.   | n.m.   | n.m.   | n.m.   | n.m.   | n.m.   | n.m.   |
| Loan loss reserves / Total loans    | 4.33% | 4.32%  | 4.25%  | 4.23%  | 4.18%  | 4.13%  | 4.03%  | 3.94%  |
| 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                     | 0.18% | -1.42% | -0.68% | -2.11% | -0.51% | -1.13% | -0.60% | -0.35% |
| Growth loan loss reserves (y/y)     | -36%  | -33%   | -31%   | -2%    | -2%    | -2%    | -2%    | -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 21  | Q2 21  | Q3 21  | Q4 21  | Q1 22  | Q2 22  | Q3 22E | Q4 22E |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| RoE                         | 5.7%   | 9.5%   | 6.9%   | 12.9%  | 10.3%  | 10.0%  | 4.7%   | 14.7%  |
| RoTBV                       | 5.7%   | 9.5%   | 6.9%   | 12.9%  | 10.3%  | 10.0%  | 4.7%   | 14.7%  |
| C/I                         | -60.7% | -56.9% | -59.8% | -55.3% | -55.4% | -56.8% | -56.3% | -52.0% |
| NII-margin                  | 3.39%  | 3.48%  | 3.41%  | 3.46%  | 3.43%  | 3.36%  | 3.40%  | 3.61%  |

### REVENUE DISTRIBUTION

| Adjusted for non-rec. Items            | Q1 21 | Q2 21 | Q3 21 | Q4 21 | Q1 22 | Q2 22 | Q3 22E | Q4 22E |
|--|-------|-------|-------|-------|-------|-------|--------|--------|
| Net Interest Income                    | 66%   | 60%   | 66%   | 64%   | 60%   | 58%   | 60%    | 61%    |
| Net Commission Income                  | 18%   | 19%   | 19%   | 22%   | 20%   | 20%   | 20%    | 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                           | 9%    | 8%    | 8%    | 8%    | 10%   | 8%    | 10%    | 8%     |

Source: Company data and Nordea estimates

**QUARTERLY INCOME STATEMENT AND BALANCE SHEET**
**INCOME STATEMENT**

| DKKm                                   | Q1 21      | Q2 21      | Q3 21     | Q4 21      | Q1 22      | Q2 22      | Q3 22E     | Q4 22E     |
|--|------------|------------|-----------|------------|------------|------------|------------|------------|
| Net Interest Income                    | 64         | 66         | 65        | 66         | 66         | 65         | 67         | 72         |
| Net Commission Income                  | 17         | 20         | 19        | 23         | 22         | 22         | 22         | 23         |
| Net result from financial transactions | n.a.       | n.a.       | n.a.      | n.a.       | n.a.       | n.a.       | n.a.       | n.a.       |
| Net insurance income                   | 7          | 14         | 7         | 6          | 12         | 15         | 11         | 13         |
| Other income                           | 9          | 9          | 8         | 8          | 11         | 9          | 11         | 10         |
| <b>Total revenues</b>                  | <b>97</b>  | <b>109</b> | <b>99</b> | <b>102</b> | <b>110</b> | <b>111</b> | <b>110</b> | <b>118</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>59</b>  | <b>62</b>  | <b>59</b> | <b>56</b>  | <b>61</b>  | <b>63</b>  | <b>62</b>  | <b>62</b>  |
| <b>Profit before loan losses</b>       | <b>38</b>  | <b>47</b>  | <b>40</b> | <b>46</b>  | <b>49</b>  | <b>48</b>  | <b>48</b>  | <b>57</b>  |
| Loan losses                            | -3         | 27         | 13        | 40         | 10         | 22         | 12         | 7          |
| Write-downs on assets                  | 77         | 4          | 2         | 6          | 0          | 0          | 0          | 0          |
| <b>Operating profit</b>                | <b>118</b> | <b>74</b>  | <b>53</b> | <b>94</b>  | <b>60</b>  | <b>54</b>  | <b>24</b>  | <b>81</b>  |
| Taxes                                  | -24        | -15        | -11       | -17        | -12        | -10        | -4         | -15        |
| 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>94</b>  | <b>59</b>  | <b>42</b> | <b>77</b>  | <b>48</b>  | <b>43</b>  | <b>20</b>  | <b>66</b>  |

**BALANCE SHEET**

| DKKm   | Q1 21         | Q2 21         | Q3 21         | Q4 21         | Q1 22         | Q2 22         | Q3 22E        | Q4 22E        |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Cash / Interbank                             | 934           | 1,065         | 564           | 1,292         | 1,687         | 3,194         | 1,457         | 1,457         |
| Loans to credit institutions                 | 138           | 455           | 522           | 445           | 633           | 454           | 381           | 381           |
| Loans to the public                          | 7,450         | 7,601         | 7,592         | 7,624         | 7,691         | 7,724         | 7,977         | 8,019         |
| Goodwill and other intangibles               | 2             | 2             | 3             | 3             | 3             | 3             | 3             | 3             |
| <b>Total assets</b>                          | <b>11,971</b> | <b>12,001</b> | <b>11,416</b> | <b>11,790</b> | <b>11,947</b> | <b>12,772</b> | <b>12,100</b> | <b>12,142</b> |
| <b>Interbank/owed to credit institutions</b> | <b>1,263</b>  | <b>1,038</b>  | <b>48</b>     | <b>839</b>    | <b>847</b>    | <b>868</b>    | <b>858</b>    | <b>858</b>    |
| Deposits                                     | 7,513         | 7,642         | 7,417         | 7,902         | 8,040         | 8,919         | 8,232         | 8,232         |
| Subordinated loans                           | 225           | 99            | 99            | 99            | 99            | 99            | 99            | 99            |
| Minority interest                            | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| Shareholders equity                          | 2,313         | 2,369         | 2,410         | 2,036         | 1,697         | 1,737         | 1,756         | 1,820         |
| <b>Total equity and liabilities</b>          | <b>11,971</b> | <b>12,001</b> | <b>11,416</b> | <b>11,792</b> | <b>11,947</b> | <b>12,772</b> | <b>12,100</b> | <b>12,142</b> |
| Loans to deposits                            | 99%           | 99%           | 102%          | 96%           | 96%           | 87%           | 97%           | 97%           |
| Non-mortg. loans to deposits                 | 99%           | 99%           | 102%          | 96%           | 96%           | 87%           | 97%           | 97%           |
| 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 21       | Q2 21       | Q3 21       | Q4 21      | Q1 22      | Q2 22       | Q3 22E      | Q4 22E     |
|-----------------------------|-------------|-------------|-------------|------------|------------|-------------|-------------|------------|
| Net interest income         | 2%          | 1%          | 0%          | 1%         | 3%         | -1%         | 3%          | 10%        |
| Net commission income       | 9%          | 57%         | 26%         | 41%        | 24%        | 6%          | 16%         | 2%         |
| <b>Total Revenues</b>       | <b>11%</b>  | <b>15%</b>  | <b>-5%</b>  | <b>2%</b>  | <b>13%</b> | <b>2%</b>   | <b>12%</b>  | <b>16%</b> |
| Staff costs                 | n.a.        | n.a.        | n.a.        | n.a.       | n.a.       | n.a.        | n.a.        | n.a.       |
| <b>Total expenses</b>       | <b>0%</b>   | <b>5%</b>   | <b>4%</b>   | <b>-9%</b> | <b>3%</b>  | <b>1%</b>   | <b>5%</b>   | <b>9%</b>  |
| Profit before loan losses   | 35%         | 31%         | -15%        | 19%        | 29%        | 2%          | 21%         | 24%        |
| Operating profit            | n.m.        | -32%        | -37%        | 73%        | 46%        | -23%        | -53%        | -7%        |
| <b>Net profit to equity</b> | <b>n.m.</b> | <b>-32%</b> | <b>-37%</b> | <b>65%</b> | <b>49%</b> | <b>-23%</b> | <b>-50%</b> | <b>-8%</b> |
| Loans to the public (rep)   | -25%        | -23%        | -23%        | 0%         | 3%         | 2%          | 5%          | 5%         |
| Deposits                    | -44%        | -45%        | -46%        | 2%         | 7%         | 17%         | 11%         | 4%         |
| Assets                      | -29%        | -29%        | -32%        | -32%       | 0%         | 6%          | 6%          | 3%         |
| REA growth (BIS Trans)      | n.a.        | n.a.        | n.a.        | n.a.       | n.a.       | n.a.        | n.a.        | n.a.       |
| REA growth (BIS III)        | -32%        | -31%        | -29%        | -30%       | -5%        | -2%         | 1%          | 0%         |

*Source: Company data and Nordea estimates*

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

| DKKm                          | 2015   | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  | 2022E | 2023E | 2024E |
|-------------------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| EPS, DKK                      | -22.07 | 22.29 | 19.43 | 26.55 | 21.70 | 17.49 | 28.54 | 18.56 | 23.48 | 25.58 |
| EPS adj, DKK                  | 19.69  | 16.47 | 19.43 | 19.95 | 22.95 | 16.91 | 20.69 | 17.98 | 22.85 | 24.83 |
| BVPS                          | 176.6  | 194.9 | 185.5 | 207.6 | 238.5 | 237.9 | 213.3 | 190.7 | 197.7 | 214.4 |
| TVBS                          | 176.6  | 194.9 | 185.5 | 206.9 | 237.5 | 237.6 | 213.0 | 190.4 | 197.3 | 214.1 |
| DPS (tot., DKK)               | 2.00   | 30.00 | 4.00  | 7.32  | 7.00  | 5.00  | 61.39 | 51.18 | 18.51 | 20.47 |
| Dividend pay-out ratio        | 10%    | 182%  | 21%   | 37%   | 31%   | 30%   | 297%  | 285%  | 81%   | 82%   |
| Share repurchases (per share) | 0.00   | 0.00  | 0.00  | 0.00  | 1.61  | 0.70  | 0.00  | 0.00  | 0.00  | 25.01 |
| Total pay-out ratio           | -9%    | 27%   | 21%   | 27%   | 40%   | 33%   | 215%  | 276%  | 72%   | 179%  |
| Share price (period end)      | 128    | 136   | 106   | 109   | 109   | 152   | 141   | 130   | 130   | 130   |
| Market cap. (m)               | 1,275  | 1,355 | 1,040 | 1,038 | 1,034 | 1,451 | 1,341 | 1,241 | 1,039 | 888   |
| Dil. number of shares         | 10     | 10    | 10    | 10    | 9     | 10    | 10    | 10    | 8     | 7     |

**VALUATION**

| (x)                   | 2015 | 2016  | 2017 | 2018 | 2019 | 2020 | 2021  | 2022E | 2023E | 2024E |
|-----------------------|------|-------|------|------|------|------|-------|-------|-------|-------|
| P/E                   | n.m. | 6.1   | 5.5  | 4.1  | 5.0  | 8.7  | 4.9   | 7.0   | 5.5   | 5.1   |
| P/E (adj.)            | 6.5  | 8.2   | 5.5  | 5.4  | 4.8  | 9.0  | 6.8   | 7.2   | 5.7   | 5.2   |
| P/BV                  | 0.72 | 0.70  | 0.57 | 0.52 | 0.46 | 0.64 | 0.66  | 0.68  | 0.66  | 0.61  |
| P/TBV                 | 0.72 | 0.70  | 0.57 | 0.52 | 0.46 | 0.64 | 0.66  | 0.68  | 0.66  | 0.61  |
| Dividend yield (tot.) | 1.6% | 22.1% | 3.8% | 6.7% | 6.4% | 3.3% | 43.7% | 39.4% | 14.2% | 15.7% |
| Total yield           | 1.6% | 22.1% | 3.8% | 6.7% | 7.9% | 3.7% | 43.7% | 39.4% | 14.2% | 35.0% |

**CAPITAL RATIOS**

| %                           | 2015   | 2016  | 2017  | 2018   | 2019   | 2020  | 2021  | 2022E | 2023E | 2024E |
|-----------------------------|--------|-------|-------|--------|--------|-------|-------|-------|-------|-------|
| 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                 | 1,593  | 1,566 | 1,731 | 1,874  | 2,023  | 2,206 | 1,879 | 1,555 | 1,411 | 1,304 |
| BIS III REA                 | 11,463 | 9,790 | 9,895 | 10,621 | 10,764 | 9,774 | 6,841 | 6,870 | 6,529 | 6,467 |
| BIS III CET1-ratio          | 13.9%  | 16.0% | 17.5% | 17.6%  | 18.8%  | 22.6% | 27.5% | 22.6% | 21.6% | 20.2% |
| BIS III T1-ratio            | 14.8%  | 16.0% | 17.5% | 17.6%  | 20.2%  | 24.1% | 29.7% | 24.9% | 23.9% | 22.5% |
| BIS III Capital ratio       | 16.8%  | 18.3% | 19.7% | 19.8%  | 22.3%  | 26.4% | 31.1% | 26.4% | 25.5% | 24.0% |
| Tang. Equity/Assets         | 10.9%  | 12.5% | 11.5% | 11.9%  | 12.4%  | 13.1% | 17.2% | 15.0% | 13.0% | 11.9% |
| Tang. Equity/Lending        | 16.5%  | 21.3% | 19.1% | 19.9%  | 22.7%  | 29.8% | 26.7% | 22.7% | 19.6% | 18.0% |
| Leverage ratio              | 9.8%   | 10.1% | 11.0% | 11.2%  | 11.1%  | 12.8% | 15.9% | 12.8% | 11.6% | 10.7% |

**CREDIT QUALITY**

| DKKm                                | 2015  | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022E  | 2023E | 2024E |
|-------------------------------------|-------|--------|--------|--------|--------|--------|--------|--------|-------|-------|
| Impaired loans                      | 0     | 0      | 0      | 0      | 0      | 0      | 0      | 0      | 0     | 0     |
| Loan loss reserves                  | 671   | 679    | 511    | 607    | 496    | 328    | 321    | 315    | 309   | 303   |
| 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    | 6.34% | 6.85%  | 5.48%  | 6.23%  | 5.00%  | 3.74%  | 4.22%  | 4.03%  | 3.85% | 3.75% |
| 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                     | 0.19% | -0.13% | -0.64% | -1.14% | -1.06% | -0.06% | -1.01% | -0.64% | 0.56% | 0.56% |
| Growth loan loss reserves (y/y)     | -33%  | 1%     | -25%   | 19%    | -18%   | -34%   | -2%    | -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 | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022E  | 2023E  | 2024E  |
|-----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| RoE                         | 10.5%  | 8.8%   | 10.1%  | 10.2%  | 10.3%  | 7.1%   | 9.2%   | 8.9%   | 11.8%  | 12.1%  |
| RoTBV                       | 12.2%  | 8.8%   | 10.1%  | 10.2%  | 10.3%  | 7.1%   | 9.2%   | 8.9%   | 11.8%  | 12.1%  |
| C/I                         | -70.9% | -71.9% | -71.3% | -71.9% | -71.9% | -61.4% | -58.0% | -55.1% | -51.5% | -54.2% |
| NII-margin                  | 4.42%  | 4.18%  | 4.15%  | 3.83%  | 3.67%  | 2.87%  | 3.32%  | 3.36%  | 3.85%  | 3.65%  |

**REVENUE DISTRIBUTION**

| Adjusted for non-rec. Items            | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022E | 2023E | 2024E |
|--|------|------|------|------|------|------|------|-------|-------|-------|
| Net Interest Income                    | 64%  | 65%  | 60%  | 59%  | 55%  | 65%  | 62%  | 58%   | 63%   | 61%   |
| Net Commission Income                  | 31%  | 30%  | 29%  | 27%  | 29%  | 16%  | 19%  | 20%   | 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                           | 1%   | 1%   | 5%   | 7%   | 7%   | 6%   | 8%   | 9%    | 7%    | 7%    |

Source: Company data and Nordea estimates

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

| DKKm                                   | 2015        | 2016       | 2017       | 2018       | 2019       | 2020       | 2021       | 2022E      | 2023E      | 2024E      |
|--|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Net Interest Income                    | 468         | 414        | 387        | 373        | 367        | 258        | 260        | 269        | 316        | 302        |
| Net Commission Income                  | 226         | 192        | 186        | 172        | 189        | 60         | 79         | 88         | 91         | 93         |
| 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                   | 28          | 26         | 44         | 44         | 53         | 45         | 34         | 51         | 53         | 54         |
| Other income                           | 11          | 9          | 31         | 46         | 49         | 24         | 34         | 41         | 33         | 33         |
| <b>Total revenues</b>                  | <b>734</b>  | <b>641</b> | <b>648</b> | <b>635</b> | <b>658</b> | <b>387</b> | <b>407</b> | <b>450</b> | <b>493</b> | <b>482</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>520</b>  | <b>461</b> | <b>462</b> | <b>457</b> | <b>473</b> | <b>237</b> | <b>236</b> | <b>248</b> | <b>254</b> | <b>262</b> |
| <b>Profit before loan losses</b>       | <b>214</b>  | <b>180</b> | <b>186</b> | <b>179</b> | <b>185</b> | <b>149</b> | <b>171</b> | <b>202</b> | <b>239</b> | <b>221</b> |
| Loan losses                            | -20         | 12         | 60         | 111        | 106        | 5          | 77         | 50         | -45        | -45        |
| Write-downs on assets                  | -523        | -12        | -18        | 72         | -13        | 0          | 89         | 0          | 0          | 0          |
| <b>Operating profit</b>                | <b>-332</b> | <b>279</b> | <b>234</b> | <b>324</b> | <b>261</b> | <b>207</b> | <b>340</b> | <b>219</b> | <b>254</b> | <b>234</b> |
| Taxes                                  | 111         | -58        | -44        | -66        | -54        | -40        | -67        | -41        | -48        | -44        |
| 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>-221</b> | <b>221</b> | <b>191</b> | <b>257</b> | <b>207</b> | <b>166</b> | <b>272</b> | <b>177</b> | <b>206</b> | <b>190</b> |

**BALANCE SHEET**

| DKKm   | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          | 2021          | 2022E         | 2023E         | 2024E         |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Cash / Interbank                             | 361           | 217           | 251           | 180           | 252           | 208           | 1,292         | 1,457         | 1,457         | 1,457         |
| Loans to credit institutions                 | 411           | 817           | 617           | 914           | 878           | 1,178         | 445           | 381           | 381           | 381           |
| Loans to the public                          | 10,675        | 9,141         | 9,537         | 9,956         | 9,909         | 7,608         | 7,624         | 8,019         | 8,031         | 8,124         |
| Goodwill and other intangibles               | 0             | 0             | 0             | 7             | 10            | 2             | 3             | 3             | 3             | 3             |
| <b>Total assets</b>                          | <b>16,248</b> | <b>15,552</b> | <b>15,785</b> | <b>16,700</b> | <b>18,173</b> | <b>17,290</b> | <b>11,790</b> | <b>12,142</b> | <b>12,154</b> | <b>12,246</b> |
| <b>Interbank/owed to credit institutions</b> | <b>575</b>    | <b>342</b>    | <b>360</b>    | <b>299</b>    | <b>55</b>     | <b>28</b>     | <b>839</b>    | <b>858</b>    | <b>858</b>    | <b>858</b>    |
| Deposits                                     | 12,680        | 12,669        | 13,083        | 13,878        | 15,164        | 7,733         | 7,902         | 8,212         | 8,212         | 8,212         |
| Subordinated loans                           | 452           | 222           | 223           | 223           | 224           | 225           | 99            | 99            | 99            | 99            |
| Minority interest                            | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| Shareholders equity                          | 1,766         | 1,949         | 1,820         | 1,987         | 2,263         | 2,271         | 2,036         | 1,820         | 1,580         | 1,465         |
| <b>Total equity and liabilities</b>          | <b>16,248</b> | <b>15,579</b> | <b>15,785</b> | <b>16,700</b> | <b>18,173</b> | <b>17,290</b> | <b>11,792</b> | <b>12,142</b> | <b>12,154</b> | <b>12,246</b> |
| Loans to deposits                            | 84%           | 72%           | 73%           | 72%           | 65%           | 98%           | 96%           | 98%           | 98%           | 99%           |
| Non-mortg. loans to deposits                 | 84%           | 72%           | 73%           | 72%           | 65%           | 98%           | 96%           | 98%           | 98%           | 99%           |
| 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  | 2015        | 2016        | 2017       | 2018       | 2019       | 2020        | 2021       | 2022E       | 2023E      | 2024E      |
|-----------------------------|-------------|-------------|------------|------------|------------|-------------|------------|-------------|------------|------------|
| Net interest income         | -7%         | -12%        | -6%        | -4%        | -2%        | -31%        | 1%         | 4%          | 18%        | -4%        |
| Net commission income       | 18%         | -15%        | -3%        | -7%        | 10%        | -68%        | 32%        | 11%         | 3%         | 3%         |
| <b>Total Revenues</b>       | <b>-3%</b>  | <b>-13%</b> | <b>1%</b>  | <b>-2%</b> | <b>4%</b>  | <b>-41%</b> | <b>5%</b>  | <b>10%</b>  | <b>10%</b> | <b>-2%</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>-1%</b>  | <b>-11%</b> | <b>0%</b>  | <b>-1%</b> | <b>4%</b>  | <b>-50%</b> | <b>0%</b>  | <b>5%</b>   | <b>3%</b>  | <b>3%</b>  |
| Profit before loan losses   | -5%         | -16%        | 4%         | -4%        | 3%         | -19%        | 15%        | 18%         | 18%        | -8%        |
| Operating profit            | 254%        | 9%          | 13%        | 4%         | 7%         | -21%        | 64%        | -35%        | 16%        | -8%        |
| <b>Net profit to equity</b> | <b>224%</b> | <b>-17%</b> | <b>17%</b> | <b>1%</b>  | <b>13%</b> | <b>-26%</b> | <b>23%</b> | <b>-13%</b> | <b>17%</b> | <b>-8%</b> |
| Loans to the public (rep)   | 2%          | -14%        | 4%         | 4%         | 0%         | -23%        | 0%         | 5%          | 0%         | 1%         |
| Deposits                    | 1%          | 0%          | 3%         | 6%         | 9%         | -49%        | 2%         | 4%          | 0%         | 0%         |
| Assets                      | -2%         | -4%         | 1%         | 6%         | 9%         | -5%         | -32%       | 3%          | 0%         | 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%         | -15%        | 1%         | 7%         | 1%         | -9%         | -30%       | 0%          | -5%        | -1%        |

Source: Company data and Nordea estimates

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**Completion Date**

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