

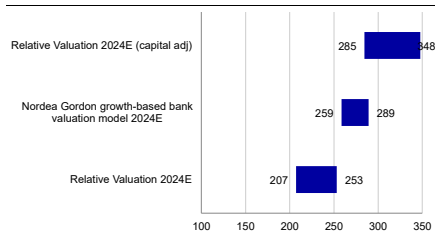
## KEY DATA

Stock country	Faroe Islands
Bloomberg	BNORDIK DC
Reuters	BNORDIK.CO
Share price (close)	DKK 155.0
Free Float	65%
Market cap. (bn)	EUR 0.20/DKK 1.48
Website	www.banknordik.com
Next report date	24 Feb 2023

## PERFORMANCE



## VALUATION APPROACH (DKK/SHARE)



## ESTIMATE CHANGES

Year	2022E	2023E	2024E
Total revenue	-1%	0%	3%
Total costs	1%	7%	2%
Profit before loan losses	-3%	-7%	5%
PTP	-4%	15%	20%
DPS (ord)	4%	30%	18%
EPS (adj)	-5%	9%	2%

Source: Nordea estimates

## Nordea IB &amp; Equity - Analysts

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Director, Sector Coordinator

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Analyst

## ~16% dividend yield and 50% discount to peers

BankNordik has announced 2023 net profit guidance of DKK 190-220m, alongside a revision of its 2024 targets. The bank now expects net profit of DKK 160-170m for 2022 – we estimate DKK 169m. We pencil in the effects of two additional hikes expected in Q1 2023, totalling 80 bp for BankNordik, which prompts us to raise 2023E-24E adjusted EPS by 2-9%. We also expect ~60% of BankNordik's market cap will be paid out to shareholders by 2024 in order for the bank to reach its 2024 capitalisation target. We lift our Gordon growth-based fair value range to DKK 259-289 (243-270).

## Announcement of 2023 guidance and revision of 2024 targets

On 26 January, BankNordik published its guidance for 2023 and narrowed its 2022 guidance. Aside from this, it made positive revisions to its 2024 targets. It lifted its ROE target to 12% (10%), lowered the cost/income ratio to less than 53% (less than 55% previously) and raised the ordinary dividend payout ratio from 50% of net profit up to 70%. Its CET1 target ratio of 20% remains unchanged. In addition to the 70% payout ratio, special payouts are needed for the bank to reach its CET1 target, hence we estimate a total 2024 dividend yield of ~16.3%.

## We raise 2023E-24E adjusted EPS by 2-9%

We had already pencilled in the effects from the 2022 rate hikes and now also estimate two additional rate hikes for Q1 2023 totalling 80 bp for BankNordik. Due to customer migration to accounts with higher rates, however, 2023E NII is roughly unchanged, while estimated earnings from the investment portfolio are higher. In light of the announcement, we cut 2022E net profit by ~4%. The cut to 2022E net profit may be explained by an increase in the management buffer as well as higher provisions to cope with the current uncertainty. For 2023E, we are DKK 18m above the upper end of BankNordik's guidance range and hence see potential for a guidance upgrade down the road. We lower 2022E adjusted EPS by ~5%, while we raise 2023E-24E adjusted EPS by 2-9% (which is lower than our net profit revisions due to a revised split between dividends and buybacks).

## New fair value range of DKK 259-289 (243-270)

In light of BankNordik's strong share price performance, we now estimate that roughly 60% of the bank's current market cap will be paid out to shareholders by the end of 2024 in order for it to reach its 2024 capitalisation target. We also remain confident that BankNordik will reach a cost/income ratio of 53% and an ROE above 12% by 2024. Adjusted for excess capital and dividends, BankNordik currently trades at a 2024E P/E of ~3.9x, which puts the share at a ~50% discount to its Danish peers.

## SUMMARY TABLE - KEY FIGURES

DKKm	2018	2019	2020	2021	2022E	2023E	2024E
Total revenue	635	658	387	407	447	494	498
Total costs	457	473	237	236	251	272	266
LL-ratio	-1.14%	-1.06%	-0.06%	-1.01%	-0.59%	0.50%	0.49%
PTP	324	261	207	340	209	293	281
RoE	13.5%	9.7%	7.3%	12.7%	8.8%	13.1%	12.8%
RoTBV (adj)	10.2%	10.3%	7.1%	9.2%	8.5%	12.8%	12.5%
P/E (adj)	5.4	4.8	9.0	6.8	9.0	6.2	6.1
P/BV	0.52	0.46	0.64	0.66	0.82	0.77	0.75
P/TBV	0.52	0.46	0.64	0.66	0.82	0.77	0.76
BIS III CT1-ratio	17.6%	18.8%	22.6%	27.5%	21.8%	21.2%	20.0%
DPS (ord, DKK)	7.32	7.00	5.00	61.39	53.27	24.02	24.20
Dividend Yield (ord)	6.74%	6.42%	3.29%	43.69%	34.37%	15.50%	15.61%
Total payout ratio	0.27	0.40	0.33	2.15	3.00	0.91	1.25

Source: Company data and Nordea estimates

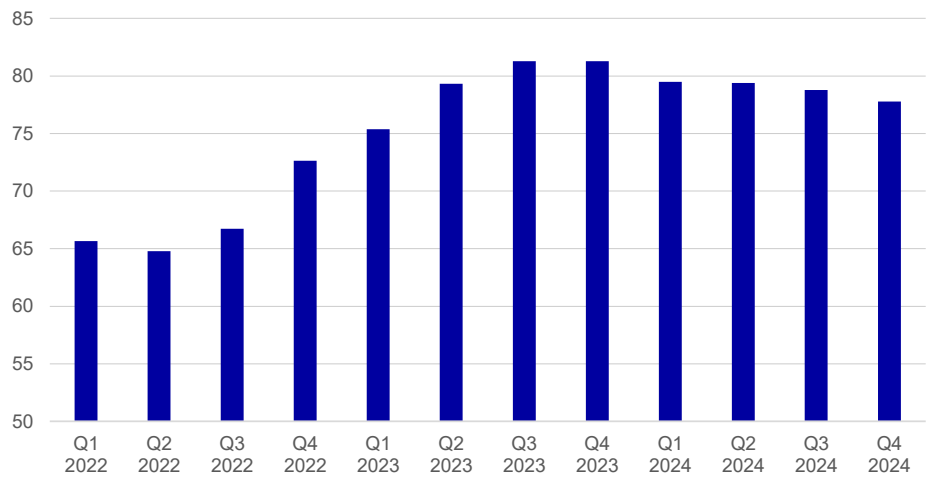
# We see upside to the 2023 guidance

Over the past few quarters, interest rates have continued to increase, and so have expectations of further hikes being implemented in H1 2023. In order to reflect this development, we expect ~17% higher NII y/y for 2023. We also pencil in a migration of BankNordik's customers from current accounts to savings accounts with higher deposit rates, from ~15% by the end of 2022 up to ~30% by the end of 2024, which has a negative impact on NII. We assume an annual positive effect of DKK 15m per 50 bp rate hike on BankNordik's investment portfolio earnings. This prompts us to raise our 2023-24 net profit estimates by 15-20%. We are currently DKK 18m above the upper end of BankNordik's 2023 net profit guidance and hence see scope for a guidance upgrade down the road as expected rate hikes materialise.

Additional rate hikes expected in Q1 2023	<p><b>Continuous NII support from interest rate hikes</b></p> <p>Besides the four interest rate hikes implemented by the Danish central bank during H2 2022, the market is currently expecting the Danish policy rate to be ~125 bp higher by the end of Q2 2023. We had already pencilled in the effects from the 2022E hikes and we now also factor in another 80 bp in hikes to be implemented by BankNordik during H1 2023. The positive effects of the additional 80 bp are offset by migration to savings accounts with higher rates, however, leaving our 2023 NII estimate roughly unchanged.</p>
Customers gradually migrating to accounts with higher rates is expected to reduce NII	<p>We assume that roughly 15% of BankNordik's customers were receiving positive rates on their accounts by December 2022, and we estimate that the conversion to savings accounts with positive rates will increase to ~30% of BankNordik's customers by 2024. We estimate that the positive impact from lending and deposit rate adjustments will peak in Q3 2023, after which migration to savings accounts with higher deposit rates will start to reduce NII. We estimate a total negative impact on NII from this migration of DKK ~34m by 2025.</p>
Lower anticipated rates in 2024 will have a slightly negative effect on NII	<p>For 2024, we estimate positive growth in lending, which supports NII, while we estimate roughly flat volumes for 2023 compared to Q4 2022E. On the negative side, we also estimate slightly negative effects on NII from lower anticipated market rates in 2024. Because BankNordik's split is roughly 50/50 between lending and deposits, we do not expect the negative NII effect from lower anticipated rates to be significant.</p>
We estimate positive earnings on the investment portfolio of DKK ~30m in Q2-Q4 2023	<p><b>Expected investment portfolio earnings support 2023E-24E net profit</b></p> <p>Besides the effects that higher short rates have on NII for BankNordik, we also pencil in an annual positive effect of DKK ~15m per 50 bp rate increase on earnings from the bank's investment portfolio. This leaves us with positive earnings from the investment portfolio of DKK ~30m for Q2-Q4 2023E, after which we gradually lower earnings from BankNordik's investment portfolio to reflect expectations of a 75 bp decrease in rates during 2024.</p>
We see potential for a guidance upgrade as expected rate hikes materialise	<p>We estimate total earnings from the investment portfolio of DKK ~111m for 2023, and hence we raise our net profit estimates by 15-20% for 2023-24. Ahead of the Q4 2022 report, we estimate 2023 net profit of DKK 338m, which is DKK ~18m above the upper end of the bank's announced 2023 guidance range. We therefore see potential for a guidance upgrade down the road as expected interest rate hikes materialise.</p>

**NII DEVELOPMENT (DKKm)**

We expect NII to peak in Q3 2023, after which migration to savings accounts will start to reduce NII

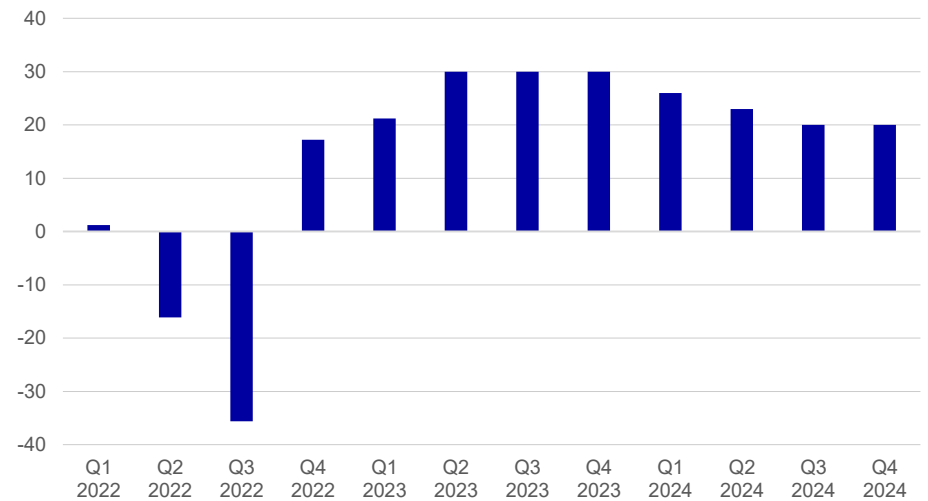


Source: Company data and Nordea estimates

**EARNINGS FROM INVESTMENT PORTFOLIO (DKKm)**

We expect BankNordik's investment portfolio earnings to peak in 2023

For 2024, we pencil in a total of 75 bp in interest rate decreases, which leads to gradually lower earnings from the investment portfolio



Source: Company data and Nordea estimates

# Estimate revisions

## ESTIMATE REVISIONS

DKKm	New estimates			Change in estimates			Old estimates		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Net interest income	270	316	314	0%	0%	4%	269	316	302
Net fee and commission income	88	95	99	0%	4%	6%	88	91	93
Net insurance income	48	43	44	-6%	-20%	-19%	51	53	54
Other income	41	40	41	0%	21%	25%	41	33	33
<b>Total Income</b>	<b>447</b>	<b>494</b>	<b>498</b>	<b>-1%</b>	<b>0%</b>	<b>3%</b>	<b>450</b>	<b>493</b>	<b>482</b>
<b>Total Expenses</b>	<b>-251</b>	<b>-272</b>	<b>-266</b>	<b>1%</b>	<b>7%</b>	<b>2%</b>	<b>-248</b>	<b>-254</b>	<b>-262</b>
<b>Profit before loan losses</b>	<b>196</b>	<b>222</b>	<b>232</b>	<b>-3%</b>	<b>-7%</b>	<b>5%</b>	<b>202</b>	<b>239</b>	<b>221</b>
Loan losses	46	-40	-40	7%	-11%	-11%	50	-45	-45
<b>Operating profits</b>	<b>243</b>	<b>182</b>	<b>192</b>	<b>-4%</b>	<b>-6%</b>	<b>9%</b>	<b>252</b>	<b>194</b>	<b>176</b>
Earning from investment portfolio	-33	111	89	-1%	82%	50%	-33	61	59
Non-recurring and industry solutions	0	0	0	-	-	-	0	0	0
<b>Profit before tax</b>	<b>209</b>	<b>293</b>	<b>281</b>	<b>-4%</b>	<b>15%</b>	<b>20%</b>	<b>219</b>	<b>254</b>	<b>234</b>
Discontinued operations before tax	0	0	0	-	-	-	0	0	0
Taxes	-39	-56	-53	-4%	16%	21%	-41	-48	-44
<b>Net profit</b>	<b>169</b>	<b>238</b>	<b>227</b>	<b>-4%</b>	<b>15%</b>	<b>20%</b>	<b>177</b>	<b>206</b>	<b>190</b>
<b>EPS adj, DKK</b>	<b>17.2</b>	<b>25.0</b>	<b>25.4</b>	<b>-5%</b>	<b>9%</b>	<b>2%</b>	<b>18.0</b>	<b>22.8</b>	<b>24.8</b>
<b>DPS, DKK</b>	<b>53.3</b>	<b>24.0</b>	<b>24.2</b>	<b>4%</b>	<b>30%</b>	<b>18%</b>	<b>51.2</b>	<b>18.5</b>	<b>20.5</b>

Source: Company data and 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	6.05
EPS adj, DKK	3.40	5.84	4.29	7.51	5.05	4.50	2.14	6.05
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	136.00
Market cap. (m)	1,489	1,609	1,532	1,341	1,217	1,217	1,480	1,480
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	18.1	6.4
P/E (adj.)	11.5	7.2	9.3	4.7	6.3	7.1	18.1	6.4
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 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%	21.8%
BIS III T1-ratio	33.1%	27.8%	28.2%	26.0%	26.1%	25.5%	25.0%	23.9%
BIS III T2-ratio	36.2%	29.2%	29.6%	27.5%	27.5%	26.9%	26.4%	25.3%
Tang. Equity/Assets	19.3%	19.7%	21.1%	17.2%	14.2%	13.6%	14.5%	14.9%
Tang. Equity/Lending	31.0%	31.1%	31.7%	26.7%	22.0%	22.5%	22.0%	22.6%
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%	-0.15%
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%	12.9%
RoTBV	5.7%	9.5%	6.9%	12.9%	10.3%	10.0%	4.7%	13.0%
C/I	-60.7%	-56.9%	-59.8%	-55.3%	-55.4%	-56.8%	-56.3%	-55.9%
NII-margin	3.39%	3.48%	3.41%	3.46%	3.43%	3.36%	3.40%	3.63%

### 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%	63%
Net Commission Income	18%	19%	19%	22%	20%	20%	20%	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	9%	8%	8%	8%	10%	8%	10%	9%

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	73
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	10
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>116</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>65</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>51</b>
Loan losses	-3	27	13	40	10	22	12	3
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>71</b>
Taxes	-24	-15	-11	-17	-12	-10	-4	-14
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>58</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	1,812
<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>13%</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>14%</b>
Profit before loan losses	35%	31%	-15%	19%	29%	2%	21%	12%
Operating profit	n.m.	-32%	-37%	73%	46%	-23%	-53%	-18%
<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>-19%</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%	3%

*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	17.74	25.62	26.06
EPS adj, DKK	19.69	16.47	19.43	19.95	22.95	16.91	20.69	17.16	25.01	25.42
BVPS	176.6	194.9	185.5	207.6	238.5	237.9	213.3	189.8	201.4	205.5
TVBS	176.6	194.9	185.5	206.9	237.5	237.6	213.0	189.6	201.1	205.2
DPS (tot., DKK)	2.00	30.00	4.00	7.32	7.00	5.00	61.39	53.27	24.02	24.20
Dividend pay-out ratio	10%	182%	21%	37%	31%	30%	297%	311%	96%	95%
Share repurchases (per share)	0.00	0.00	0.00	0.00	1.61	0.70	0.00	0.00	0.00	8.88
Total pay-out ratio	-9%	27%	21%	27%	40%	33%	215%	300%	91%	125%
Share price (period end)	128	136	106	109	109	152	141	136	155	155
Market cap. (m)	1,275	1,355	1,040	1,038	1,034	1,451	1,341	1,480	1,396	1,307
Dil. number of shares	10	10	10	10	9	10	10	10	9	8

**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	8.7	6.1	5.9
P/E (adj.)	6.5	8.2	5.5	5.4	4.8	9.0	6.8	9.0	6.2	6.1
P/BV	0.72	0.70	0.57	0.52	0.46	0.64	0.66	0.82	0.77	0.75
P/TBV	0.72	0.70	0.57	0.52	0.46	0.64	0.66	0.82	0.77	0.76
Dividend yield (tot.)	1.6%	22.1%	3.8%	6.7%	6.4%	3.3%	43.7%	34.4%	15.5%	15.6%
Total yield	1.6%	22.1%	3.8%	6.7%	7.9%	3.7%	43.7%	34.4%	15.5%	21.3%

**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	1,527	1,492	1,418
BIS III REA	11,463	9,790	9,895	10,621	10,764	9,774	6,841	7,020	7,020	7,099
BIS III CET1-ratio	13.9%	16.0%	17.5%	17.6%	18.8%	22.6%	27.5%	21.8%	21.2%	20.0%
BIS III T1-ratio	14.8%	16.0%	17.5%	17.6%	20.2%	24.1%	29.7%	23.9%	23.4%	22.1%
BIS III Capital ratio	16.8%	18.3%	19.7%	19.8%	22.3%	26.4%	31.1%	25.3%	24.8%	23.5%
Tang. Equity/Assets	10.9%	12.5%	11.5%	11.9%	12.4%	13.1%	17.2%	14.9%	14.9%	14.1%
Tang. Equity/Lending	16.5%	21.3%	19.1%	19.9%	22.7%	29.8%	26.7%	22.6%	22.6%	21.1%
Leverage ratio	9.8%	10.1%	11.0%	11.2%	11.1%	12.8%	15.9%	12.6%	12.3%	11.5%

**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%	3.73%
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%	-0.59%	0.50%	0.49%
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%	8.5%	12.8%	12.5%
RoTBV	12.2%	8.8%	10.1%	10.2%	10.3%	7.1%	9.2%	8.5%	12.8%	12.5%
C/I	-70.9%	-71.9%	-71.3%	-71.9%	-71.9%	-61.4%	-58.0%	-56.1%	-55.0%	-53.5%
NII-margin	4.42%	4.18%	4.15%	3.83%	3.67%	2.87%	3.32%	3.36%	3.86%	3.79%

**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%	59%	63%	62%
Net Commission Income	31%	30%	29%	27%	29%	16%	19%	20%	19%	20%
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%	8%	8%

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	270	316	314
Net Commission Income	226	192	186	172	189	60	79	88	95	99
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	48	43	44
Other income	11	9	31	46	49	24	34	41	40	41
<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>447</b>	<b>494</b>	<b>498</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>251</b>	<b>272</b>	<b>266</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>196</b>	<b>222</b>	<b>232</b>
Loan losses	-20	12	60	111	106	5	77	46	-40	-40
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>209</b>	<b>293</b>	<b>281</b>
Taxes	111	-58	-44	-66	-54	-40	-67	-39	-56	-53
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>169</b>	<b>238</b>	<b>227</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	8,019	8,192
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>12,142</b>	<b>12,314</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	8,232	8,232	8,232
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	1,812	1,814	1,733
<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>12,142</b>	<b>12,314</b>
Loans to deposits	84%	72%	73%	72%	65%	98%	96%	97%	97%	100%
Non-mortg. loans to deposits	84%	72%	73%	72%	65%	98%	96%	97%	97%	100%
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%	-1%
Net commission income	18%	-15%	-3%	-7%	10%	-68%	32%	11%	8%	4%
<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>1%</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>6%</b>	<b>8%</b>	<b>-2%</b>
Profit before loan losses	-5%	-16%	4%	-4%	3%	-19%	15%	15%	13%	4%
Operating profit	254%	9%	13%	4%	7%	-21%	64%	-38%	40%	-4%
<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>-17%</b>	<b>42%</b>	<b>-4%</b>
Loans to the public (rep)	2%	-14%	4%	4%	0%	-23%	0%	5%	0%	2%
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%	3%	0%	1%

Source: Company data and Nordea estimates

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**Completion Date**

30 Jan 2023, 01:06 CET

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