

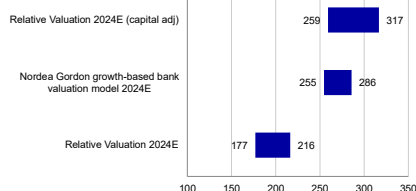
## KEY DATA

Stock country	Faroe Islands
Bloomberg	BNORDIK DC
Reuters	BNORDIK.CO
Share price (close)	DKK 179.0
Free Float	65%
Market cap. (bn)	EUR 0.23/DKK 1.71
Website	www.banknordik.com
Next report date	27 Mar 2023

## PERFORMANCE



## VALUATION APPROACH



## ESTIMATE CHANGES

Year	2023E	2024E	2025E
Total revenue	3%	3%	n.a.
Total costs	-8%	-7%	n.a.
Profit before loan losses	17%	14%	n.a.
PTP	3%	8%	n.a.
DPS (ord)	18%	26%	n.a.
EPS (adj)	0%	0%	n.a.

Source: Nordea estimates

## Nordea IB &amp; Equity - Analysts

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Analyst

## Case intact – significant payout set to continue

In conjunction with its Q4 report, BankNordik announced a total dividend of DKK 250m to be paid out after the annual general meeting in March 2023. The dividend was in line with our estimate and constitutes ~15% of the bank's current market cap. BankNordik's case remains intact and it remains on track to reach its 2024 targets. We lower our cost estimates for 2023-24 to reflect the bank's cost management efforts and recognised one-off costs associated with management and board changes in 2022. We remain confident that BankNordik will continue distributing capital, with ~60% of its current market cap paid out to shareholders by 2024E. Adjusted for excess capital and dividends, BankNordik is trading at a 2024E P/E of 5.2x, corresponding to a ~40% discount to its Danish peers.

## Core earnings and asset quality remained strong in Q4

Q4 NII and NCI were roughly in line with our estimates. Asset quality also remained strong in the quarter, with BankNordik reporting loan loss reversals of DKK 3m, as expected. Costs came in at DKK 58m, 10% below (i.e. better) than our estimate. On the negative side, the bank reported earnings equal to DKK ~8m from the investment portfolio, whereas we expected DKK ~17m. Net profit for the full year was DKK ~164m, a bit below our estimate of DKK ~169m.

## We see scope for a guidance upgrade down the road

In light of the Q4 report, we raise 2023E-24E NII by ~5% to reflect a better lending growth outlook than we previously anticipated. We also lower our 2023-24 cost estimates by ~7-8%, as BankNordik has proven successful in its cost management efforts – and since the 2022 cost level was affected by one-offs related to management and board changes. We believe the bank is still on track to reach its 2024 target of a cost/income ratio below 53%. Overall, we keep 2023E-24E EPS roughly unchanged, as we estimate a larger share of capital distribution to happen through dividend payments than via buybacks. We are DKK 15m above the upper end of BankNordik's net profit guidance range for 2023 and we see potential for an upgrade to the bank's guidance down the road.

## New fair value range of DKK 255-286 (259-289)

We believe that BankNordik is on track to reach a CET1 ratio of 20% by the end of 2024. We are confident that ~60% of its current market cap will have been distributed to shareholders by then, and that share buybacks will still represent a part of that distribution. Adjusted for excess capital and dividends, BankNordik is trading at a 2024 P/E of ~5.2x, which puts the share at a ~40% discount to its Danish peers.

## SUMMARY TABLE - KEY FIGURES

DKKm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	658	387	407	448	508	512	515
Total costs	473	237	236	244	249	248	245
LL-ratio	-1.06%	-0.06%	-1.01%	-0.59%	0.45%	0.47%	0.40%
PTP	261	207	340	208	303	304	312
RoE	9.7%	7.3%	12.7%	8.5%	13.5%	13.8%	14.6%
RoTBV (adj)	10.3%	7.1%	9.2%	8.3%	13.2%	13.5%	14.3%
P/E (adj)	4.8	9.0	6.8	8.2	7.1	7.1	6.8
P/BV	0.46	0.64	0.66	0.71	0.95	0.96	0.99
P/TBV	0.46	0.64	0.66	0.72	0.95	0.96	0.99
BIS III CT1-ratio	18.8%	22.6%	27.5%	21.6%	20.7%	19.9%	19.9%
DPS (ord, DKK)	7.00	5.00	61.39	52.38	28.45	30.38	29.02
Dividend Yield (ord)	6.42%	3.29%	43.69%	38.51%	15.89%	16.97%	16.21%
Total payout ratio	0.40	0.33	2.15	3.04	1.11	1.17	1.13

Source: Company data and Nordea estimates

# Estimate revisions

## ESTIMATE REVISIONS

DKKm	New estimates			Change in estimates			Old estimates		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Net interest income	330	328	326	5%	5%	-	316	314	-
Net fee and commission income	95	99	102	0%	0%	-	95	99	-
Net insurance income	43	44	45	0%	0%	-	43	44	-
Other income	40	41	42	0%	0%	-	40	41	-
<b>Total Income</b>	<b>508</b>	<b>512</b>	<b>515</b>	<b>3%</b>	<b>3%</b>	<b>-</b>	<b>494</b>	<b>498</b>	<b>-</b>
<b>Total Expenses</b>	<b>-249</b>	<b>-248</b>	<b>-245</b>	<b>-8%</b>	<b>-7%</b>	<b>-</b>	<b>-272</b>	<b>-266</b>	<b>-</b>
<b>Profit before loan losses</b>	<b>259</b>	<b>264</b>	<b>270</b>	<b>17%</b>	<b>14%</b>	<b>-</b>	<b>222</b>	<b>232</b>	<b>-</b>
Loan losses	-37	-40	-35	-8%	0%	-	-40	-40	-
<b>Operating profits</b>	<b>222</b>	<b>224</b>	<b>235</b>	<b>22%</b>	<b>17%</b>	<b>-</b>	<b>182</b>	<b>192</b>	<b>-</b>
Earning from investment portfolio	81	80	78	-27%	-10%	-	111	89	-
Non-recurring and industry solutions	0	0	0	-	-	-	0	0	-
<b>Profit before tax</b>	<b>303</b>	<b>304</b>	<b>312</b>	<b>3%</b>	<b>8%</b>	<b>-</b>	<b>293</b>	<b>281</b>	<b>-</b>
Discontinued operations before tax	0	0	0	-	-	-	0	0	-
Taxes	-57	-58	-59	3%	8%	-	-56	-53	-
<b>Net profit</b>	<b>245</b>	<b>246</b>	<b>253</b>	<b>3%</b>	<b>8%</b>	<b>-</b>	<b>238</b>	<b>227</b>	<b>-</b>
<b>EPS adj, DKK</b>	<b>25.1</b>	<b>25.3</b>	<b>26.3</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>25.0</b>	<b>25.4</b>	<b>-</b>
<b>DPS, DKK</b>	<b>28.4</b>	<b>30.4</b>	<b>29.0</b>	<b>18%</b>	<b>26%</b>	<b>-</b>	<b>24.0</b>	<b>24.2</b>	<b>-</b>

Source: Company data and Nordea estimates

## A closer look at operating cost expectations for 2023

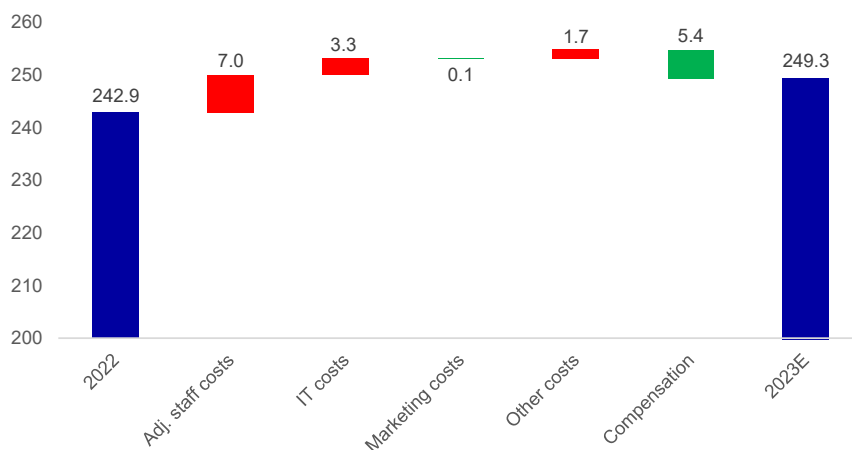
With inflation on the rise, the overall cost level in BankNordik is expected to grow as well. However, BankNordik classified DKK ~8.1m of its 2022 costs as one-off expenses related to the change in management and board members and because managerial changes are set to take effect in connection with the Q1 2023 report, we only estimate DKK ~2.7m of one-off costs related this change in our 2023 estimates.

We expect higher total costs across most expense lines throughout 2023E except for marketing costs and one-off costs related to compensation for staff and training

We also estimate a small reduction in the number of FTEs during 2023 and hence we expect the underlying cost base for 2023 to be lower than the 2022 level. We estimate staff costs and IT costs will grow by ~6% during 2023, while we estimate marketing costs will decrease slightly. Other expenses are also estimated to increase by ~6% throughout 2023E, so operating costs for 2023E are estimated at DKK ~249m, corresponding to an overall ~3% increase in costs y/y. This is also in line with BankNordik's cost expectations in 2023, as specified in its annual report. Based on our cost and income estimates, we believe that BankNordik could reach its 2024 cost/income ratio target (less than 53%) by the end of 2023, which would likely trigger further upside to the current target.

**COST DEVELOPMENT (DKKm), 2022 VS. 2023E**

The overall cost level is estimated to be up by ~3% y/y in 2023E



Source: Company data and Nordea estimates

# Reported numbers and forecasts

## QUARTERLY KEY DATA

### SHARE DATA

DKKm	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
EPS, DKK	5.05	4.50	2.14	5.64	5.64	5.90	5.28	4.57
EPS adj, DKK	5.05	4.50	2.14	5.64	5.64	5.90	5.28	4.57
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)	127.50	127.50	118.00	136.00	179.00	179.00	179.00	179.00
Market cap. (m)	1,217	1,217	1,126	1,298	1,709	1,709	1,709	1,709
Dil. number of shares period end (m)	10	10	10	10	10	10	10	10

### VALUATION

(x)	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
P/E	6.3	7.1	13.8	6.0	7.9	7.6	8.5	9.8
P/E (adj.)	6.3	7.1	13.8	6.0	7.9	7.6	8.5	9.8
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 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
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	23.8%	23.3%	22.9%	21.6%	22.2%	22.8%	23.4%	20.4%
BIS III T1-ratio	26.1%	25.5%	25.0%	23.7%	24.2%	24.9%	25.5%	22.4%
BIS III T2-ratio	27.5%	26.9%	26.4%	25.1%	25.6%	26.2%	26.8%	23.7%
Tang. Equity/Assets	14.2%	13.6%	14.5%	14.9%	13.2%	13.6%	14.0%	14.4%
Tang. Equity/Lending	22.0%	22.5%	22.0%	22.4%	19.8%	20.4%	20.9%	21.4%
Leverage ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

### CREDIT QUALITY

DKKm	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
Impaired loans	0	0	0	0	0	0	0	0
Loan loss reserves	320	318	317	315	314	312	310	309
Coverage ratio	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Loan loss reserves / Total loans	4.18%	4.13%	4.03%	3.92%	3.86%	3.80%	3.75%	3.69%
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	-0.51%	-1.13%	-0.60%	-0.17%	0.25%	0.24%	0.58%	0.72%
Growth loan loss reserves (y/y)	-2%	-2%	-2%	-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 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
RoE	10.3%	10.0%	4.7%	12.1%	13.2%	15.8%	14.8%	13.4%
RoTBV	10.3%	10.0%	4.7%	12.1%	13.2%	15.8%	14.9%	13.4%
C/I	-55.4%	-56.8%	-56.3%	-49.7%	-50.7%	-49.0%	-47.6%	-48.9%
NII-margin	3.43%	3.36%	3.40%	3.60%	3.74%	3.98%	4.19%	4.11%

### REVENUE DISTRIBUTION

Adjusted for non-rec. Items	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
Net Interest Income	60%	58%	60%	62%	64%	65%	66%	66%
Net Commission Income	20%	20%	20%	20%	19%	19%	18%	18%
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	10%	8%	10%	6%	8%	8%	8%	8%

Source: Company data and Nordea estimates

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

DKKm	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
Net Interest Income	66	65	67	72	76	82	87	86
Net Commission Income	22	22	22	23	23	24	24	24
Net result from financial transactions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net insurance income	12	15	11	14	10	11	11	11
Other income	11	9	11	7	10	10	10	10
<b>Total revenues</b>	<b>110</b>	<b>111</b>	<b>110</b>	<b>117</b>	<b>119</b>	<b>126</b>	<b>132</b>	<b>131</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>61</b>	<b>63</b>	<b>62</b>	<b>58</b>	<b>60</b>	<b>62</b>	<b>63</b>	<b>64</b>
<b>Profit before loan losses</b>	<b>49</b>	<b>48</b>	<b>48</b>	<b>59</b>	<b>59</b>	<b>64</b>	<b>69</b>	<b>67</b>
Loan losses	10	22	12	3	-5	-5	-12	-15
Write-downs on assets	0	0	0	0	0	0	0	0
<b>Operating profit</b>	<b>60</b>	<b>54</b>	<b>24</b>	<b>70</b>	<b>70</b>	<b>80</b>	<b>79</b>	<b>74</b>
Taxes	-12	-10	-4	-16	-13	-15	-15	-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>48</b>	<b>43</b>	<b>20</b>	<b>54</b>	<b>57</b>	<b>65</b>	<b>64</b>	<b>60</b>

**BALANCE SHEET**

DKKm	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
Cash / Interbank	1,687	3,194	1,457	1,443	1,443	1,443	1,443	1,443
Loans to credit institutions	633	454	381	390	390	390	390	390
Loans to the public	7,691	7,724	7,977	8,083	8,165	8,246	8,329	8,412
Goodwill and other intangibles	3	3	3	2	2	2	2	2
<b>Total assets</b>	<b>11,947</b>	<b>12,772</b>	<b>12,100</b>	<b>12,190</b>	<b>12,272</b>	<b>12,353</b>	<b>12,436</b>	<b>12,519</b>
<b>Interbank/owed to credit institutions</b>	<b>847</b>	<b>868</b>	<b>858</b>	<b>858</b>	<b>858</b>	<b>858</b>	<b>858</b>	<b>858</b>
Deposits	8,040	8,919	8,232	8,360	8,360	8,360	8,360	8,360
Subordinated loans	99	99	99	100	100	100	100	100
Minority interest	0	0	0	0	1	2	3	4
Shareholders equity	1,697	1,737	1,756	1,817	1,622	1,685	1,747	1,805
<b>Total equity and liabilities</b>	<b>11,947</b>	<b>12,772</b>	<b>12,100</b>	<b>12,190</b>	<b>12,272</b>	<b>12,353</b>	<b>12,436</b>	<b>12,519</b>
Loans to deposits	96%	87%	97%	97%	98%	99%	100%	101%
Non-mortg. loans to deposits	96%	87%	97%	97%	98%	99%	100%	101%
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 22	Q2 22	Q3 22	Q4 22	Q1 23E	Q2 23E	Q3 23E	Q4 23E
Net interest income	3%	-1%	3%	10%	16%	26%	30%	19%
Net commission income	24%	6%	16%	1%	8%	8%	9%	6%
<b>Total Revenues</b>	<b>13%</b>	<b>2%</b>	<b>12%</b>	<b>14%</b>	<b>8%</b>	<b>13%</b>	<b>20%</b>	<b>12%</b>
Staff costs	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total expenses</b>	<b>3%</b>	<b>1%</b>	<b>5%</b>	<b>3%</b>	<b>-1%</b>	<b>-2%</b>	<b>1%</b>	<b>10%</b>
Profit before loan losses	29%	2%	21%	29%	19%	34%	43%	14%
Operating profit	46%	-23%	-53%	-20%	16%	50%	222%	5%
<b>Net profit to equity</b>	<b>49%</b>	<b>-23%</b>	<b>-50%</b>	<b>-25%</b>	<b>18%</b>	<b>52%</b>	<b>212%</b>	<b>11%</b>
Loans to the public (rep)	3%	2%	5%	6%	6%	7%	4%	4%
Deposits	7%	17%	11%	6%	4%	-6%	2%	0%
Assets	0%	6%	6%	3%	3%	-3%	3%	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)	-5%	-2%	1%	5%	7%	5%	4%	4%

Source: Company data and Nordea estimates

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

DKKm	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
EPS, DKK	22.29	19.43	26.55	21.70	17.49	28.54	17.23	25.67	25.92	26.87
EPS adj, DKK	16.47	19.43	19.95	22.95	16.91	20.69	16.65	25.09	25.34	26.27
BVPS	194.9	185.5	207.6	238.5	237.9	213.3	190.3	189.1	185.7	181.4
TVBS	194.9	185.5	206.9	237.5	237.6	213.0	190.1	188.8	185.5	181.1
DPS (tot., DKK)	30.00	4.00	7.32	7.00	5.00	61.39	52.38	28.45	30.38	29.02
Dividend pay-out ratio	182%	21%	37%	31%	30%	297%	315%	113%	120%	110%
Share repurchases (per share)	0.00	0.00	0.00	1.61	0.70	0.00	0.00	0.00	0.00	1.59
Total pay-out ratio	27%	21%	27%	40%	33%	215%	304%	111%	117%	113%
Share price (period end)	136	106	109	109	152	141	136	179	179	179
Market cap. (m)	1,355	1,040	1,038	1,034	1,451	1,341	1,298	1,709	1,694	1,679
Dil. number of shares	10	10	10	9	10	10	10	10	9	9

**VALUATION**

(x)	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
P/E	6.1	5.5	4.1	5.0	8.7	4.9	7.9	7.0	6.9	6.7
P/E (adj.)	8.2	5.5	5.4	4.8	9.0	6.8	8.2	7.1	7.1	6.8
P/BV	0.70	0.57	0.52	0.46	0.64	0.66	0.71	0.95	0.96	0.99
P/TBV	0.70	0.57	0.52	0.46	0.64	0.66	0.72	0.95	0.96	0.99
Dividend yield (tot.)	22.1%	3.8%	6.7%	6.4%	3.3%	43.7%	38.5%	15.9%	17.0%	16.2%
Total yield	22.1%	3.8%	6.7%	7.9%	3.7%	43.7%	38.5%	15.9%	17.0%	17.1%

**CAPITAL RATIOS**

%	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
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	1,566	1,731	1,874	2,023	2,206	1,879	1,556	1,522	1,444	1,403
BIS III REA	9,790	9,895	10,621	10,764	9,774	6,841	7,195	7,338	7,271	7,056
BIS III CET1-ratio	16.0%	17.5%	17.6%	18.8%	22.6%	27.5%	21.6%	20.7%	19.9%	19.9%
BIS III T1-ratio	16.0%	17.5%	17.6%	20.2%	24.1%	29.7%	23.7%	22.8%	21.9%	22.0%
BIS III Capital ratio	18.3%	19.7%	19.8%	22.3%	26.4%	31.1%	25.1%	24.2%	23.3%	23.4%
Tang. Equity/Assets	12.5%	11.5%	11.9%	12.4%	13.1%	17.2%	14.9%	14.4%	13.8%	13.2%
Tang. Equity/Lending	21.3%	19.1%	19.9%	22.7%	29.8%	26.7%	22.4%	21.4%	20.4%	19.4%
Leverage ratio	10.1%	11.0%	11.2%	11.1%	12.8%	15.9%	12.8%	12.2%	11.4%	10.9%

**CREDIT QUALITY**

DKKm	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Impaired loans	0	0	0	0	0	0	0	0	0	0
Loan loss reserves	679	511	607	496	328	321	315	309	303	297
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	6.85%	5.48%	6.23%	5.00%	3.74%	4.22%	4.01%	3.74%	3.56%	3.42%
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	-0.13%	-0.64%	-1.14%	-1.06%	-0.06%	-1.01%	-0.59%	0.45%	0.47%	0.40%
Growth loan loss reserves (y/y)	1%	-25%	19%	-18%	-34%	-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.	n.a.	n.a.

**PROFITABILITY**

Adjusted for non-rec. Items	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
RoE	8.8%	10.1%	10.2%	10.3%	7.1%	9.2%	8.3%	13.2%	13.5%	14.3%
RoTBV	8.8%	10.1%	10.2%	10.3%	7.1%	9.2%	8.3%	13.2%	13.5%	14.3%
C/I	-71.9%	-71.3%	-71.9%	-71.9%	-61.4%	-58.0%	-54.5%	-49.0%	-48.4%	-47.6%
NII-margin	4.18%	4.15%	3.83%	3.67%	2.87%	3.32%	3.34%	3.92%	3.78%	3.67%

**REVENUE DISTRIBUTION**

Adjusted for non-rec. Items	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Net Interest Income	65%	60%	59%	55%	65%	62%	59%	64%	63%	62%
Net Commission Income	30%	29%	27%	29%	16%	19%	20%	19%	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%	5%	7%	7%	6%	8%	9%	8%	8%	8%

Source: Company data and Nordea estimates

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

DKKm	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Net Interest Income	414	387	373	367	258	260	270	330	328	326
Net Commission Income	192	186	172	189	60	79	88	95	99	102
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	26	44	44	53	45	34	52	43	44	45
Other income	9	31	46	49	24	34	38	40	41	42
<b>Total revenues</b>	<b>641</b>	<b>648</b>	<b>635</b>	<b>658</b>	<b>387</b>	<b>407</b>	<b>448</b>	<b>508</b>	<b>512</b>	<b>515</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>461</b>	<b>462</b>	<b>457</b>	<b>473</b>	<b>237</b>	<b>236</b>	<b>244</b>	<b>249</b>	<b>248</b>	<b>245</b>
<b>Profit before loan losses</b>	<b>180</b>	<b>186</b>	<b>179</b>	<b>185</b>	<b>149</b>	<b>171</b>	<b>204</b>	<b>259</b>	<b>264</b>	<b>270</b>
Loan losses	12	60	111	106	5	77	47	-37	-40	-35
Write-downs on assets	-12	-18	72	-13	0	89	0	0	0	0
<b>Operating profit</b>	<b>279</b>	<b>234</b>	<b>324</b>	<b>261</b>	<b>207</b>	<b>340</b>	<b>208</b>	<b>303</b>	<b>304</b>	<b>312</b>
Taxes	-58	-44	-66	-54	-40	-67	-42	-57	-58	-59
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>191</b>	<b>257</b>	<b>207</b>	<b>166</b>	<b>272</b>	<b>164</b>	<b>245</b>	<b>246</b>	<b>253</b>

**BALANCE SHEET**

DKKm	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Cash / Interbank	217	251	180	252	208	1,292	1,443	1,443	1,443	1,443
Loans to credit institutions	817	617	914	878	1,178	445	390	390	390	390
Loans to the public	9,141	9,537	9,956	9,909	7,608	7,624	8,083	8,412	8,593	8,778
Goodwill and other intangibles	0	0	7	10	2	3	2	2	2	2
<b>Total assets</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>12,190</b>	<b>12,519</b>	<b>12,700</b>	<b>12,885</b>
<b>Interbank/owed to credit institutions</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>	<b>858</b>
Deposits	12,669	13,083	13,878	15,164	7,733	7,902	8,360	8,360	8,360	8,360
Subordinated loans	222	223	223	224	225	99	100	100	100	100
Minority interest	0	0	0	0	0	0	0	0	0	1
Shareholders equity	1,949	1,820	1,987	2,263	2,271	2,036	1,817	1,805	1,758	1,701
<b>Total equity and liabilities</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>12,190</b>	<b>12,519</b>	<b>12,700</b>	<b>12,885</b>
Loans to deposits	72%	73%	72%	65%	98%	96%	97%	101%	103%	105%
Non-mortg. loans to deposits	72%	73%	72%	65%	98%	96%	97%	101%	103%	105%
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	2016	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E
Net interest income	-12%	-6%	-4%	-2%	-31%	1%	4%	23%	-1%	-1%
Net commission income	-15%	-3%	-7%	10%	-68%	32%	11%	8%	4%	3%
<b>Total Revenues</b>	<b>-13%</b>	<b>1%</b>	<b>-2%</b>	<b>4%</b>	<b>-41%</b>	<b>5%</b>	<b>10%</b>	<b>13%</b>	<b>1%</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>-11%</b>	<b>0%</b>	<b>-1%</b>	<b>4%</b>	<b>-50%</b>	<b>0%</b>	<b>3%</b>	<b>2%</b>	<b>-1%</b>	<b>-1%</b>
Profit before loan losses	-16%	4%	-4%	3%	-19%	15%	19%	27%	2%	2%
Operating profit	9%	13%	4%	7%	-21%	64%	-39%	45%	1%	3%
<b>Net profit to equity</b>	<b>-17%</b>	<b>17%</b>	<b>1%</b>	<b>13%</b>	<b>-26%</b>	<b>23%</b>	<b>-20%</b>	<b>51%</b>	<b>1%</b>	<b>3%</b>
Loans to the public (rep)	-14%	4%	4%	0%	-23%	0%	6%	4%	2%	2%
Deposits	0%	3%	6%	9%	-49%	2%	6%	0%	0%	0%
Assets	-4%	1%	6%	9%	-5%	-32%	3%	3%	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)	-15%	1%	7%	1%	-9%	-30%	5%	2%	-1%	-3%

Source: Company data and Nordea estimates

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**Completion Date**

27 Feb 2023, 01:18 CET

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