

BankNordik

Financials
Denmark

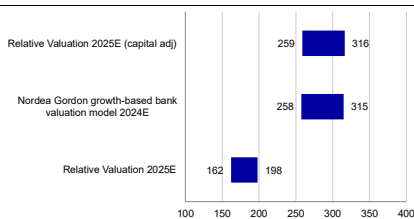
KEY DATA

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 1.44
Website	www.banknordik.com
Next report date	03 Aug 2023

PERFORMANCE



VALUATION APPROACH (DKK/SHARE)



ESTIMATE CHANGES

Year	2023E	2024E	2025E
Total revenue	2%	2%	1%
Total costs	1%	1%	1%
Profit before loan losses	3%	3%	1%
PTP	3%	3%	1%
DPS (ord)	2%	1%	1%
EPS (adj)	3%	3%	1%

Source: Nordea estimates

Nordea IB & Equity - Analysts

Jakob Brink
Director, Sector Coordinator

Anna Bjørn
Analyst

Solid outlook and significant discount to peers

BankNordik will publish its Q2 2023 report on 3 August. Ahead of the report, we raise our 2023-25 NII estimates by 1-3% while also raising cost estimates by ~1%. This leaves us with an estimated 2023 net profit of DKK 261m, which is at the upper end of BankNordik's guidance range that was upgraded in June. Moreover, we still believe that BankNordik is set to distribute ~40% of its current market cap by 2024 to reach the proposed capitalisation target of a CET1 ratio equal to 20%. We also continue to see scope for more when it comes to the proposed 2024 targets on ROE and cost/income, where we are currently ahead of the targets. Lastly, BankNordik is trading at a capital-adjusted 2025E P/E of ~3.4x, which puts the share at a ~45% discount to its Danish peers.

Guidance upgrade indicates continued strong asset quality

On 16 June, BankNordik upgraded its 2023 net profit guidance from DKK 210-240m to DKK 235-265m, corresponding to a ~10% increase. The upgrade was driven by an improved outlook for the core operations, as well as lower-than-expected impairment levels. Hence, asset quality is expected to have remained solid in Q2. BankNordik has reported reversals for the past eight quarters, and for Q2; we still do not expect losses to have materialised for Q2, and hence estimate loan losses of DKK 0m.

Positive EPS revisions ahead of the Q2 report

Prior to the Q2 report, we raise our 2023-25 NII estimates by 1-3% to reflect the effects of the rate hikes in May and June 2023. In light of the rate hikes, we also raise 2023E-24E investment portfolio earnings by 2-4%. On the negative side, we lift 2023E-25E costs by 1%. However, we maintain a slightly lower cost base for the coming years compared to 2023E. Ultimately, we raise our net profit estimate by 1-3% for 2023-25. For 2023, we now estimate net profit of DKK 261m, which is at the upper end of BankNordik's new guidance range. This prompts us to raise adjusted EPS by 1-3% for 2023E-25E.

New fair value range of DKK 258-315 (245-299)

We remain confident that BankNordik is set to distribute ~40% of its current market cap to shareholders by 2024 in order to reach the targeted CET1 ratio of 20%. We also believe that BankNordik is on track to reach its proposed 2024 targets on ROE and cost/income, and perhaps even more. The BankNordik share currently trades at a 2025E capital-adjusted P/E of ~3.4x, corresponding to a ~45% discount to its Danish peers. Our Gordon growth-based fair value range is now higher at DKK 258-315 (245-299).

SUMMARY TABLE - KEY FIGURES

DKKm	2019	2020	2021	2022	2023E	2024E	2025E
Total revenue	658	387	407	448	503	520	519
Total costs	473	237	236	244	254	251	247
LL-ratio	-1.06%	-0.06%	-1.01%	-0.59%	0.20%	0.47%	0.40%
PTP	261	207	340	208	322	310	315
RoE	9.7%	7.3%	12.7%	8.5%	14.3%	14.0%	14.7%
RoTBV (adj)	10.3%	7.1%	9.2%	8.3%	14.1%	13.7%	14.4%
P/E (adj)	4.8	9.0	6.8	8.2	5.6	5.8	5.7
P/BV	0.46	0.64	0.66	0.72	0.79	0.80	0.82
P/TBV	0.46	0.64	0.66	0.72	0.79	0.81	0.82
BIS III CT1-ratio	18.8%	22.6%	23.8%	21.6%	20.8%	20.0%	20.0%
DPS (ord, DKK)	0.00	52.14	40.33	26.12	29.52	30.71	29.28
Dividend Yield (ord)	0.00%	34.30%	28.70%	19.20%	19.68%	20.47%	19.52%
Total payout ratio	0.07	3.03	1.42	1.52	1.08	1.16	1.14

Source: Company data and Nordea estimates

Estimates

ESTIMATE REVISIONS

DKKm	New estimates			Change in estimates			Old estimates		
	2023E	2024E	2025E	2023E	2024E	2025E	2023E	2024E	2025E
Net interest income	339	338	330	3%	3%	1%	330	328	326
Net fee and commission income	90	97	102	0%	0%	0%	90	97	102
Net insurance income	36	44	45	0%	0%	0%	36	44	45
Other income	38	41	42	0%	0%	0%	38	41	42
Total Income	503	520	519	2%	2%	1%	495	510	515
Total Expenses	-254	-251	-247	1%	1%	1%	-252	-248	-245
Profit before loan losses	250	269	272	3%	3%	1%	243	262	270
Loan losses	-17	-40	-35	0%	0%	0%	-17	-40	-35
Operating profits	233	229	237	3%	3%	1%	226	222	235
Earnings from investment portfolio	92	81	78	4%	2%	0%	89	80	78
Non-recurring and industry solutions	-3	0	0	0%	-	-	-3	0	0
Profit before tax	322	310	315	3%	3%	1%	312	302	312
Discontinued operations before tax	0	0	0	-	-	-	0	0	0
Taxes	-61	-59	-60	3%	3%	1%	-59	-57	-59
Net profit	261	251	255	3%	3%	1%	253	245	253
EPS adj, DKK	26.7	25.8	26.5	3%	3%	1%	25.9	25.2	26.3
DPS, DKK	29.5	30.7	29.3	2%	1%	1%	29.0	30.3	29.2

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 23	Q2 23E	Q3 23E	Q4 23E
EPS, DKK	5.05	4.50	2.14	5.64	6.11	6.21	5.67	4.80
EPS adj, DKK	5.05	4.50	2.14	5.64	6.37	6.21	5.67	4.80
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	180.00	143.00	150.00	150.00
Market cap. (m)	1,217	1,217	1,126	1,298	1,718	1,432	1,432	1,432
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 23	Q2 23E	Q3 23E	Q4 23E
P/E	6.3	7.1	13.8	6.0	7.4	6.0	6.6	7.8
P/E (adj.)	6.3	7.1	13.8	6.0	7.1	6.0	6.6	7.8
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 23	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%	21.0%	21.4%	21.3%	20.8%
BIS III T1-ratio	26.1%	25.5%	25.0%	23.7%	23.1%	23.5%	23.3%	22.9%
BIS III T2-ratio	27.5%	26.9%	26.4%	25.1%	24.4%	24.9%	24.7%	24.2%
Tang. Equity/Assets	14.2%	13.6%	14.5%	14.9%	13.0%	13.5%	14.0%	14.4%
Tang. Equity/Lending	22.0%	22.5%	22.0%	22.4%	19.4%	20.1%	20.8%	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 23	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%	3.81%	3.72%	3.68%	3.64%
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%	-0.41%	0.00%	0.43%	0.76%
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 23	Q2 23E	Q3 23E	Q4 23E
RoE	10.3%	10.0%	4.7%	12.1%	14.9%	16.5%	15.8%	14.0%
RoTBV	10.3%	10.0%	4.7%	12.1%	14.9%	16.6%	15.9%	14.0%
C/I	-55.4%	-56.8%	-56.3%	-49.7%	-56.8%	-50.8%	-47.5%	-47.6%
NII-margin	3.43%	3.36%	3.40%	3.60%	3.78%	4.01%	4.20%	4.20%

REVENUE DISTRIBUTION

Adjusted for non-rec. Items	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23E	Q3 23E	Q4 23E
Net Interest Income	60%	58%	60%	62%	69%	67%	66%	68%
Net Commission Income	20%	20%	20%	20%	19%	17%	17%	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%	7%	7%	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 23	Q2 23E	Q3 23E	Q4 23E
Net Interest Income	66	65	67	72	78	84	88	89
Net Commission Income	22	22	22	23	21	22	23	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	5	11	11	9
Other income	11	9	11	7	8	9	11	10
Total revenues	110	111	110	117	112	126	133	132
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	61	63	62	58	64	64	63	63
Profit before loan losses	49	48	48	59	49	62	70	69
Loan losses	10	22	12	3	8	0	-9	-16
Write-downs on assets	0	0	0	0	-3	0	0	0
Operating profit	60	54	24	70	75	85	84	77
Taxes	-12	-10	-4	-16	-14	-16	-16	-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.
Net profit to equity	48	43	20	54	61	69	68	63

BALANCE SHEET

DKKm	Q1 22	Q2 22	Q3 22	Q4 22	Q1 23	Q2 23E	Q3 23E	Q4 23E
Cash / Interbank	1,687	3,194	1,457	1,443	1,472	1,472	1,472	1,472
Loans to credit institutions	633	454	381	390	354	354	354	354
Loans to the public	7,691	7,724	7,977	8,083	8,354	8,403	8,450	8,500
Goodwill and other intangibles	3	3	3	2	2	2	2	2
Total assets	11,947	12,772	12,100	12,190	12,485	12,533	12,581	12,631
Interbank/owed to credit institutions	847	868	858	858	836	836	836	836
Deposits	8,040	8,919	8,232	8,360	8,542	8,542	8,542	8,542
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	1,626	1,692	1,759	1,820
Total equity and liabilities	11,947	12,772	12,100	12,190	12,485	12,533	12,581	12,631
Loans to deposits	96%	87%	97%	97%	98%	98%	99%	99%
Non-mortg. loans to deposits	96%	87%	97%	97%	98%	98%	99%	99%
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 23	Q2 23E	Q3 23E	Q4 23E
Net interest income	3%	-1%	3%	10%	18%	30%	32%	23%
Net commission income	24%	6%	16%	1%	-1%	2%	4%	4%
Total Revenues	13%	2%	12%	14%	2%	14%	21%	13%
Staff costs	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Total expenses	3%	1%	5%	3%	4%	2%	2%	8%
Profit before loan losses	29%	2%	21%	29%	-1%	29%	45%	17%
Operating profit	46%	-23%	-53%	-20%	31%	58%	246%	10%
Net profit to equity	49%	-23%	-50%	-25%	33%	60%	235%	16%
Loans to the public (rep)	3%	2%	5%	6%	9%	9%	6%	5%
Deposits	7%	17%	11%	6%	6%	-4%	4%	2%
Assets	0%	6%	6%	3%	5%	-2%	4%	4%
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%	9%	3%	3%	2%

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	28.50	17.18	27.26	26.39	27.05
EPS adj, DKK	16.47	19.43	19.95	22.95	16.91	20.66	16.60	26.67	25.81	26.46
BVPS	194.9	185.5	207.6	238.5	237.9	212.7	189.8	190.1	186.5	182.3
TVBS	194.9	185.5	206.9	237.5	237.6	212.4	189.5	189.9	186.2	182.0
DPS (tot., DKK)	30.00	4.00	7.32	0.00	52.14	40.33	26.12	29.52	30.71	29.28
Dividend pay-out ratio	182%	21%	37%	0%	308%	195%	157%	111%	119%	111%
Share repurchases (per share)	0.00	0.00	0.00	1.61	0.70	0.00	0.00	0.00	0.00	1.58
Total pay-out ratio	27%	21%	27%	7%	303%	142%	152%	108%	116%	114%
Share price (period end)	136	106	109	109	152	141	136	150	150	150
Market cap. (m)	1,355	1,040	1,038	1,034	1,451	1,345	1,302	1,436	1,421	1,406
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	5.5	5.7	5.5
P/E (adj.)	8.2	5.5	5.4	4.8	9.0	6.8	8.2	5.6	5.8	5.7
P/BV	0.70	0.57	0.52	0.46	0.64	0.66	0.72	0.79	0.80	0.82
P/TBV	0.70	0.57	0.52	0.46	0.64	0.66	0.72	0.79	0.81	0.82
Dividend yield (tot.)	22.1%	3.8%	6.7%	0.0%	34.3%	28.7%	19.2%	19.7%	20.5%	19.5%
Total yield	22.1%	3.8%	6.7%	1.5%	34.8%	28.7%	19.2%	19.7%	20.5%	20.6%

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	1,629	1,556	1,527	1,450	1,409
BIS III REA	9,790	9,895	10,621	10,764	9,774	6,841	7,195	7,327	7,261	7,048
BIS III CET1-ratio	16.0%	17.5%	17.6%	18.8%	22.6%	23.8%	21.6%	20.8%	20.0%	20.0%
BIS III T1-ratio	16.0%	17.5%	17.6%	20.2%	24.1%	26.0%	23.7%	22.9%	22.1%	22.1%
BIS III Capital ratio	18.3%	19.7%	19.8%	22.3%	26.4%	27.5%	25.1%	24.3%	23.4%	23.5%
Tang. Equity/Assets	12.5%	11.5%	11.9%	12.4%	13.1%	17.2%	14.9%	14.4%	13.8%	13.1%
Tang. Equity/Lending	21.3%	19.1%	19.9%	22.7%	29.8%	26.7%	22.4%	21.4%	20.3%	19.2%
Leverage ratio	10.1%	11.0%	11.2%	11.1%	12.8%	13.8%	12.8%	12.1%	11.3%	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%	3.72%	3.52%	3.38%
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%	0.20%	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%	14.0%	13.7%	14.3%
RoTBV	8.8%	10.1%	10.2%	10.3%	7.1%	9.2%	8.3%	14.1%	13.7%	14.4%
C/I	-71.9%	-71.3%	-71.9%	-71.9%	-61.4%	-58.0%	-54.5%	-50.4%	-48.2%	-47.6%
NII-margin	4.18%	4.15%	3.83%	3.67%	2.87%	3.32%	3.34%	4.00%	3.85%	3.68%

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%	66%	64%	62%
Net Commission Income	30%	29%	27%	29%	16%	19%	20%	18%	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	339	338	330
Net Commission Income	192	186	172	189	60	79	88	90	97	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	36	44	45
Other income	9	31	46	49	24	34	38	38	41	42
Total revenues	641	648	635	658	387	407	448	503	520	519
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	461	462	457	473	237	236	244	254	251	247
Profit before loan losses	180	186	179	185	149	171	204	250	269	272
Loan losses	12	60	111	106	5	77	47	-17	-40	-35
Write-downs on assets	-12	-18	72	-13	0	89	0	-3	0	0
Operating profit	279	234	324	261	207	340	208	322	310	315
Taxes	-58	-44	-66	-54	-40	-67	-42	-61	-59	-60
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	221	191	257	207	166	272	164	261	251	255

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	8,500	8,684	8,872
Goodwill and other intangibles	0	0	7	10	2	3	2	2	2	2
Total assets	15,552	15,785	16,700	18,173	17,290	11,790	12,190	12,607	12,790	12,979
Interbank/owed to credit institutions	342	360	299	55	28	839	858	836	836	836
Deposits	12,669	13,083	13,878	15,164	7,733	7,902	8,360	8,542	8,542	8,542
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	1,820	1,767	1,709
Total equity and liabilities	15,579	15,785	16,700	18,173	17,290	11,792	12,190	12,631	12,790	12,979
Loans to deposits	72%	73%	72%	65%	98%	96%	97%	99%	102%	104%
Non-mortg. loans to deposits	72%	73%	72%	65%	98%	96%	97%	99%	102%	104%
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%	26%	0%	-2%
Net commission income	-15%	-3%	-7%	10%	-68%	32%	11%	2%	7%	5%
Total Revenues	-13%	1%	-2%	4%	-41%	5%	10%	12%	3%	0%
Staff costs	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Total expenses	-11%	0%	-1%	4%	-50%	0%	3%	4%	-1%	-1%
Profit before loan losses	-16%	4%	-4%	3%	-19%	15%	19%	22%	8%	1%
Operating profit	9%	13%	4%	7%	-21%	64%	-39%	55%	-4%	1%
Net profit to equity	-17%	17%	1%	13%	-26%	23%	-20%	61%	-4%	1%
Loans to the public (rep)	-14%	4%	4%	0%	-23%	0%	6%	5%	2%	2%
Deposits	0%	3%	6%	9%	-49%	2%	6%	2%	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

Disclaimer and legal disclosures

Origin of the report

This publication or report originates from: Nordea Bank Abp, including its branches Nordea Danmark, Filial af Nordea Bank Abp, Finland, Nordea Bank Abp, filial i Norge and Nordea Bank Abp, filial i Sverige (together "Nordea") acting through their units Nordea Markets and Equity Sales & Research.

Nordea Bank Abp is supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the branches are supervised by the European Central Bank and the Finnish Financial Supervisory Authority and the Financial Supervisory Authorities in their respective countries.

Content of report

This report has been prepared solely by Nordea Markets or Equity Sales & Research.

Opinions or suggestions from Nordea Markets credit and equity research may deviate from one another or from opinions presented by other departments in Nordea. This may typically be the result of differing time horizons, methodologies, contexts or other factors.

The information provided herein is not intended to constitute and does not constitute investment advice nor is the information intended as an offer or solicitation for the purchase or sale of any financial instrument. The information contained herein has no regard to the specific investment objectives, the financial situation or particular needs of any particular recipient. Relevant and specific professional advice should always be obtained before making any investment or credit decision.

Opinions or ratings are based on one or more methods of valuation, for instance cash flow analysis, use of multiples, behavioural technical analyses of underlying market movements in combination with considerations of the market situation and the time horizon. Key assumptions of forecasts or ratings in research cited or reproduced appear in the research material from the named sources. The date of publication appears from the research material cited or reproduced. Opinions and estimates may be updated in subsequent versions of the report, provided that the relevant company/issuer is treated anew in such later versions of the report.

Validity of the report

All opinions and estimates in this report are, regardless of source, given in good faith, and may only be valid as of the stated date of this report and are subject to change without notice.

No individual investment or tax advice

The report is intended only to provide general and preliminary information to investors and shall not be construed as the basis for any investment decision. This report has been prepared by Nordea Markets or Equity Sales & Research as general information for private use of investors to whom the report has been distributed, but it is not intended as a personal recommendation of particular financial instruments or strategies and thus it does not provide individually tailored investment advice, and does not take into account the individual investor's particular financial situation, existing holdings or liabilities, investment knowledge and experience, investment objective and horizon or risk profile and preferences. The investor must particularly ensure the suitability of an investment as regards his/her financial and fiscal situation and investment objectives. The investor bears the risk of losses in connection with an investment.

Before acting on any information in this report, it is recommendable to consult (without being limited to) one's financial, legal, tax, accounting, or regulatory advisor in any relevant jurisdiction.

The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. Each investor shall make his/her own appraisal of the tax and other financial merits of his/her investment.

Sources

This report may be based on or contain information, such as opinions, estimates and valuations which emanate from: Nordea Markets' or Equity Sales & Research analysts or representatives, publicly available information, information from other units of Nordea, or other named sources.

To the extent this publication or report is based on or contain information emanating from other sources ("Other Sources") than Nordea Markets or Equity Sales & Research ("External Information"), Nordea Markets or Equity Sales & Research has deemed the Other Sources to be reliable but neither Nordea, others associated or affiliated with Nordea nor any other person, do guarantee the accuracy, adequacy or completeness of the External Information.

Limitation of liability

Nordea or other associated and affiliated companies assume no liability as regards to any investment, divestment or retention decision taken by the investor on the basis of this report. In no event will Nordea or other associated and affiliated companies be liable for direct, indirect or incidental, special or consequential damages (regardless of whether being considered as foreseeable or not) resulting from the information in this report.

Risk information

The risk of investing in certain financial instruments, including those mentioned in this report, is generally high, as their market value is exposed to a lot of different factors such as the operational and financial conditions of the relevant company, growth prospects, change in interest rates, the economic and political environment, foreign exchange rates, shifts in market sentiments etc. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. Past performance is not a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. When investing in individual shares, the investor may lose all or part of the investments.

Conflicts of interest

Readers of this document should note that Nordea Markets or Equity Sales & Research has received remuneration from the company mentioned in this document for the production of the report. The remuneration is not dependent on the content of the report. Nordea, affiliates or staff in Nordea, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the report.

To limit possible conflicts of interest and counter the abuse of inside knowledge, the analysts of Nordea Markets and Equity Sales & Research are subject to internal rules on sound ethical conduct, the management of inside information, handling of unpublished research material, contact with other units of Nordea and personal account dealing. The internal rules have been prepared in accordance with applicable legislation and relevant industry standards. The object of the internal rules is for example to ensure that no analyst will abuse or cause others to abuse confidential information. It is the policy of Nordea that no link exists between revenues from capital markets activities and individual analyst remuneration. Nordea and the branches are members of national stockbrokers' associations in each of the countries in which Nordea has head offices. Internal rules have been developed in accordance with recommendations issued by the stockbrokers associations. This material has been prepared following the Nordea Conflict of Interest Policy, which may be viewed at www.nordea.com/mifid.

Please find a list of all recommendations disseminated by Nordea Equities during the preceding 12-month period here: <https://research.nordea.com/compliance>

Distribution restrictions

The securities referred to in this report may not be eligible for sale in some jurisdictions. This report is not intended for, and must not be distributed to private customers in the UK or the US or to customers in any other jurisdiction where restrictions may apply.

This research report has not been prepared for distribution outside the EU, the UK or the US. The content of this research report is not a product disclosure statement or other regulated document for the purposes of the Australian Corporations Act 2001 (CTH). The distribution of this research report in Australia has not been authorised by any regulatory authority in Australia, and Nordea bank Abp is not licensed by the Australian Securities and Investment Commission to provide financial services in Australia.

This publication or report may be distributed in the UK to institutional investors by Nordea Bank Abp London Branch of 6th Floor, 5 Aldermanbury Square, London, EC2V 7AZ, which is under supervision of the European Central Bank, Finanssivalvonta (Financial Supervisory Authority) in Finland and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority in the United Kingdom. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available upon request.

Nordea Bank Abp ("Nordea") research is not "globally branded" research. Nordea research reports are intended for distribution in the United States solely to "major U.S. institutional investors," as defined in Rule 15a-6 under the Securities Exchange Act of 1934. Any transactions in securities discussed within the research reports will be chaperoned by Nordea Securities LLC ("Nordea Securities"), an affiliate of Nordea and a SEC registered broker dealer and member of FINRA. Nordea Securities does not employ research analysts and has no contractual relationship with Nordea that is reasonably likely to inform the content of Nordea research reports. Nordea makes all research content determinations without any input from Nordea Securities.

The research analyst(s) named on this report are not registered/qualified as research analysts with FINRA. Such research analyst(s) are also not registered with Nordea Securities and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

This report may not be mechanically duplicated, photocopied or otherwise reproduced, in full or in part, under applicable copyright laws.

Analyst Shareholding

Nordea analysts do not hold shares in the companies that they cover. No holdings or other affiliations by analysts or associates.

Fair value and sensitivity

We calculate our fair values by weighting DCF, DDM, SOTP, asset-based and other standard valuation methods. Our fair values are sensitive to changes in valuation assumptions, of which growth, margins, tax rates, working capital ratios, investment-to-sales ratios and cost of capital are typically the most sensitive. It should be noted that our fair values would change by a disproportionate factor if changes are made to any or all valuation assumptions, owing to the non-linear nature of the standard valuation models applied (mentioned above). As a consequence of the standard valuation models we apply, changes of 1-2 percentage points in any single valuation assumption can change the derived fair value by as much as 30% or more. All research is produced on an ad hoc basis and will be updated when the circumstances require it.

Marketing Material

This research report should be considered marketing material, as it has been commissioned and paid for by the subject company, and has not been prepared in accordance with the regulations designed to promote the independence of investment research and it is not subject to any legal prohibition on dealing ahead of the dissemination of the report. However, Nordea Markets analysts are according to internal policies not allowed to hold shares in the companies/sectors that they cover.

Market-making obligations and other significant financial interest

Nordea has no market-making obligations in BankNordik shares.

As of 23/07/2023, Nordea Abp holds no positions of 0.5% or more of shares issued

As of the publication of this report, the issuer does not hold a position exceeding 5% of the total shares issued in Nordea Abp.

Investment banking transactions and/or services

In view of Nordea's position in its markets, readers should assume that the bank may currently or may in the coming three months and beyond be providing or seeking to provide confidential investment banking and/or ancillary services to the company/ companies.

Issuer Review

This report has not been reviewed by the Issuer prior to publication.

Completion Date

24 Jul 2023, 20:57 CET

Nordea Bank Abp	Nordea Bank Abp, filial i Sverige	Nordea Danmark, Filial af Nordea Bank Abp, Finland	Nordea Bank Abp, filial i Norge
Nordea IB & Equity Division, Equity Research Visiting address: Aleksis Kiven katu 7, Helsinki FI-00020 Nordea Finland	Nordea IB & Equity Division, Equity Research Visiting address: Smålandsgatan 17 SE-105 71 Stockholm Sweden	Nordea IB & Equity Division, Equity Research Visiting address: Grønjørdsvej 10 DK-2300 Copenhagen S Denmark	Nordea IB & Equity Division, Equity Research Visiting address: Essendropsgate 7 N-0107 Oslo Norway
Tel: +358 9 1651 Fax: +358 9 165 59710	Tel: +46 8 614 7000 Fax: +46 8 534 911 60	Tel: +45 3333 3333 Fax: +45 3333 1520	Tel: +47 2248 5000 Fax: +47 2256 8650
Reg.no. 2858394-9 Satamaradankatu 5 Helsinki			