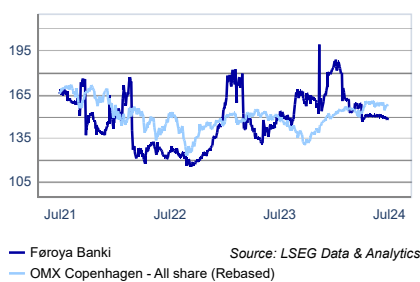


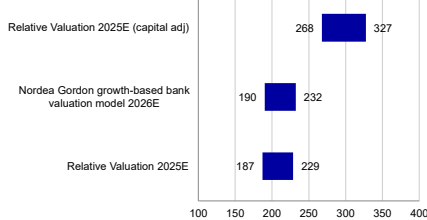
## KEY DATA

Stock country	Faroe Islands
Bloomberg	BNORDIK DC
Reuters	BNORDIK.CO
Share price (close)	DKK 149.5
Free float	65%
Market cap. (bn)	EUR 0.19/DKK 1.43
Website	www.banknordik.com
Next report date	01 Aug 2024

## PERFORMANCE



## VALUATION APPROACH (DKK PER SHARE)



## ESTIMATE CHANGES

Year	2024E	2025E	2026E
Total revenue	0%	-3%	-3%
Total costs	1%	0%	0%
Profit before loan losses	0%	-7%	-7%
PTP	-1%	-6%	-6%
DPS (ord)	0%	-14%	-17%
EPS (adj)	-1%	-6%	-6%

Source: Nordea estimates

## Nordea IB &amp; Equity - Analysts

Mathias Nielsen  
Associate Director

## 2024E net profit at the top of guidance range

Føroya Banki reports its Q2 2024 results on 1 August 2024. We expect the sustainability of net interest income (NII) and the bank's capital position to remain key focus areas. We estimate Q2 net profit of DKK 68m, up 20% q/q, as Q1 was adversely impacted by elevated loan losses related to a few corporate customers in Greenland. Our 2024 net profit estimate of DKK 252m remains at the top of the DKK 225-255m guidance range. We lower 2025E-26E net profit by 6%, as we take a cautious view on lending margins. Føroya Banki trades at a 2025 dividend adjusted P/E of 3.9x, ~50% below Danish peers. Our Gordon growth-based fair value range is now DKK 190-232 (248-304), as we also lift our cost of equity estimate to 11%, roughly on a par with the cost of equity that we apply for Danish peers.

## Major strike during Q2 should not move the needle much

On 14 May 2024, four major workers' unions in the Faroe Islands went on strike. The strike lasted 28 days and caused some hiccups for Faroese society. All employees at Føroya Banki, however, continued working as usual, and we get the impression that the business was not significantly affected by the labour action. We estimate Q2 2024E NII of DKK 90m, down 2% q/q but up 5% y/y. The decline q/q is mainly driven by continued deposit migration and lower lending margins, as market rates have come down during the quarter. We expect this to be offset by Q2 2024E net fee and commission income growing 8% q/q, as well as seasonally higher net insurance income. We estimate Q2 2024 loan loss impairment charges of DKK 6m, corresponding to an annual loan loss ratio of 28bp.

## 2024E net profit down 1%; 2025E-26E net profit down 6%

In this report, we trim our 2025-26 net profit estimates by 6%, as we pencil in further headwinds on lending margins from lower market rates. We include seven rate cuts of 25bp by the ECB and the Danish Central Bank during 2024-25, including the one seen in June 2024.

## Part of the dividend potential remains in limbo for now

We estimate 2024-26 ordinary and extraordinary dividends of ~50% of the current market cap. A positive outcome of the ongoing investigation by the Danish FSA regarding the Faroese and Greenlandic property markets could add further dividends of ~10% of market cap. We still expect to see the findings of this investigation during Q3 2024, which could trigger a significant share price reaction, depending on the outcome.

## SUMMARY TABLE - KEY FIGURES

DKKm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	387	407	447	528	532	497	485
Total costs	237	236	244	259	261	258	254
LL-ratio	-0.06%	-1.01%	-0.59%	-0.12%	0.46%	0.38%	0.42%
PTP	207	340	207	379	313	284	261
RoE	7.3%	12.7%	7.9%	16.8%	13.0%	11.9%	11.4%
RoTBV (adj)	7.1%	9.2%	7.6%	16.5%	12.7%	11.7%	11.1%
P/E (adj)	9.0	6.8	8.9	5.2	5.8	6.4	7.0
P/BV	0.64	0.66	0.72	0.85	0.71	0.78	0.76
P/TBV	0.64	0.66	0.72	0.85	0.71	0.78	0.76
BIS III CT1-ratio	22.6%	23.8%	21.6%	25.8%	20.2%	20.3%	20.5%
DPS (ord, DKK)	52.14	40.33	26.12	8.36	41.90	16.81	15.46
Dividend Yield (ord)	34.30%	28.70%	19.20%	5.08%	28.03%	11.25%	10.34%
Total payout ratio	3.03	1.42	1.64	0.26	1.59	0.70	0.70

Source: Company data and Nordea estimates

# Estimates

## ESTIMATE CHANGES

DKKm	New estimates			Old estimates			Change (%)			Change (DKK)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Net interest income	355	319	301	352	337	318	1%	-5%	-5%	2	-18	-17
Net fee and commission income	82	87	92	82	87	91	0%	0%	0%	0	0	0
Net insurance income	56	54	55	56	54	55	0%	0%	0%	0	0	0
Other income	39	36	37	39	36	37	0%	0%	0%	0	0	0
<b>Total Income</b>	<b>532</b>	<b>497</b>	<b>485</b>	<b>530</b>	<b>514</b>	<b>502</b>	<b>0%</b>	<b>-3%</b>	<b>-3%</b>	<b>2</b>	<b>-18</b>	<b>-17</b>
<b>Total Expenses</b>	<b>-261</b>	<b>-258</b>	<b>-254</b>	<b>-259</b>	<b>-257</b>	<b>-254</b>	<b>1%</b>	<b>0%</b>	<b>0%</b>	<b>-2</b>	<b>-1</b>	<b>-1</b>
<b>Profit before loan losses</b>	<b>272</b>	<b>239</b>	<b>231</b>	<b>271</b>	<b>257</b>	<b>248</b>	<b>0%</b>	<b>-7%</b>	<b>-7%</b>	<b>1</b>	<b>-18</b>	<b>-17</b>
Loan losses	-42	-35	-40	-41	-35	-40	2%	0%	0%	-1	0	0
<b>Operating profits</b>	<b>230</b>	<b>204</b>	<b>191</b>	<b>230</b>	<b>222</b>	<b>208</b>	<b>0%</b>	<b>-8%</b>	<b>-8%</b>	<b>0</b>	<b>-18</b>	<b>-17</b>
Earnings from investment portfolio	83	80	70	86	80	70	-3%	0%	0%	-3	0	0
Non-recurring and industry solutions	0	0	0	0	0	0	-	-	-	0	0	0
<b>Profit before tax</b>	<b>313</b>	<b>284</b>	<b>261</b>	<b>316</b>	<b>302</b>	<b>278</b>	<b>-1%</b>	<b>-6%</b>	<b>-6%</b>	<b>-3</b>	<b>-18</b>	<b>-17</b>
Discontinued operations before tax	0	0	0	0	0	0	-	-	-	0	0	0
Taxes	-61	-54	-50	-62	-57	-53	-1%	-6%	-6%	1	3	3
<b>Net profit</b>	<b>252</b>	<b>230</b>	<b>211</b>	<b>254</b>	<b>245</b>	<b>225</b>	<b>-1%</b>	<b>-6%</b>	<b>-6%</b>	<b>-3</b>	<b>-15</b>	<b>-14</b>
<b>EPS adj, DKK</b>	<b>25.7</b>	<b>23.4</b>	<b>21.5</b>	<b>26.0</b>	<b>25.0</b>	<b>23.0</b>	<b>-1%</b>	<b>-6%</b>	<b>-6%</b>	<b>-0.3</b>	<b>-1.5</b>	<b>-1.5</b>
<b>DPS, DKK</b>	<b>41.9</b>	<b>16.8</b>	<b>15.5</b>	<b>42.1</b>	<b>19.5</b>	<b>18.6</b>	<b>0%</b>	<b>-14%</b>	<b>-17%</b>	<b>-0.2</b>	<b>-2.6</b>	<b>-3.1</b>
<b>CET1 ratio</b>	<b>20.2%</b>	<b>20.3%</b>	<b>20.5%</b>	<b>20.2%</b>	<b>20.0%</b>	<b>20.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0pp</b>	<b>0.3pp</b>	<b>0.5pp</b>

Source: Nordea estimates

# Reported numbers and forecasts

## QUARTERLY KEY DATA

### SHARE DATA

DKKm	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24E	Q2 24E	Q3 24E	Q4 24E
EPS, DKK	6.11	6.31	7.30	6.79	3.92	4.53	4.45	3.34
EPS adj, DKK	6.37	6.71	7.30	6.79	3.92	4.53	4.45	3.34
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)	180.00	143.00	165.00	164.50	153.00	150.00	149.50	149.50
Market cap. (m)	1,718	1,365	1,575	1,570	2,854	4,281	5,709	7,136
Dil. number of shares period end (m)	10	10	10	10	19	29	38	48

### VALUATION

(x)	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24E	Q2 24E	Q3 24E	Q4 24E
P/E	7.4	5.7	5.6	6.1	9.5	8.2	8.4	11.2
P/E (adj.)	7.1	5.3	5.6	6.1	9.5	8.2	8.4	11.2
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 23	Q2 23	Q3 23	Q4 23	Q1 24E	Q2 24E	Q3 24E	Q4 24E
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	21.0%	22.1%	21.8%	25.8%	25.0%	24.8%	22.3%	20.2%
BIS III T1-ratio	23.1%	24.2%	23.9%	28.0%	27.0%	26.7%	24.0%	21.9%
BIS III T2-ratio	24.4%	25.6%	25.3%	29.4%	28.6%	28.3%	25.5%	23.4%
Tang. Equity/Assets	13.0%	13.6%	14.2%	14.3%	13.6%	14.0%	14.5%	14.8%
Tang. Equity/Lending	19.4%	19.5%	20.2%	20.8%	20.4%	21.0%	21.6%	22.1%
Leverage ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

### CREDIT QUALITY

DKKm	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24E	Q2 24E	Q3 24E	Q4 24E
Impaired loans	0	0	0	0	0	0	0	0
Loan loss reserves	314	312	310	309	307	306	304	303
Coverage ratio	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Loan loss reserves / Total loans	3.81%	3.67%	3.56%	3.50%	3.45%	3.42%	3.38%	3.34%
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	-0.41%	-0.34%	0.02%	0.23%	1.02%	0.27%	0.27%	0.31%
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 23	Q2 23	Q3 23	Q4 23	Q1 24E	Q2 24E	Q3 24E	Q4 24E
RoE	14.9%	17.9%	20.3%	19.5%	12.0%	14.7%	14.8%	11.5%
RoTBV	14.9%	17.9%	20.3%	19.5%	12.0%	14.7%	14.9%	11.5%
C/I	-56.8%	-47.7%	-44.2%	-49.2%	-48.0%	-48.1%	-46.8%	-53.4%
NII-margin	3.78%	4.06%	4.40%	4.51%	4.15%	4.04%	3.89%	3.73%

### REVENUE DISTRIBUTION

Adjusted for non-rec. Items	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24E	Q2 24E	Q3 24E	Q4 24E
Net Interest Income	69%	64%	65%	75%	69%	67%	63%	69%
Net Commission Income	19%	14%	13%	13%	14%	16%	15%	17%
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	7%	8%	6%	3%	8%	7%	8%	7%

Source: Company data and Nordea estimates

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

DKKm	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24E	Q2 24E	Q3 24E	Q4 24E
Net Interest Income	78	86	96	100	92	90	87	85
Net Commission Income	21	19	19	17	19	21	22	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	5	19	24	12	12	15	20	10
Other income	8	11	9	4	11	9	11	8
<b>Total revenues</b>	<b>112</b>	<b>135</b>	<b>148</b>	<b>133</b>	<b>135</b>	<b>135</b>	<b>140</b>	<b>123</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>64</b>	<b>64</b>	<b>65</b>	<b>65</b>	<b>65</b>	<b>65</b>	<b>65</b>	<b>66</b>
<b>Profit before loan losses</b>	<b>49</b>	<b>71</b>	<b>83</b>	<b>68</b>	<b>70</b>	<b>70</b>	<b>74</b>	<b>57</b>
Loan losses	8	7	0	-5	-23	-6	-6	-7
Write-downs on assets	-3	-6	0	0	0	0	0	0
<b>Operating profit</b>	<b>75</b>	<b>87</b>	<b>108</b>	<b>109</b>	<b>70</b>	<b>84</b>	<b>88</b>	<b>70</b>
Taxes	-14	-17	-20	-20	-15	-16	-17	-13
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>61</b>	<b>70</b>	<b>88</b>	<b>89</b>	<b>55</b>	<b>68</b>	<b>71</b>	<b>57</b>

**BALANCE SHEET**

DKKm	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24E	Q2 24E	Q3 24E	Q4 24E
Cash / Interbank	1,472	1,345	1,244	1,796	1,786	1,786	1,786	1,786
Loans to credit institutions	354	361	373	260	618	618	618	618
Loans to the public	8,354	8,655	8,790	8,883	8,915	8,967	9,034	9,102
Goodwill and other intangibles	2	2	2	2	5	5	5	5
<b>Total assets</b>	<b>12,485</b>	<b>12,450</b>	<b>12,516</b>	<b>12,945</b>	<b>13,377</b>	<b>13,429</b>	<b>13,496</b>	<b>13,564</b>
<b>Interbank/owed to credit institutions</b>	<b>836</b>	<b>1,074</b>	<b>851</b>	<b>719</b>	<b>688</b>	<b>688</b>	<b>688</b>	<b>688</b>
Deposits	8,542	8,442	8,617	8,735	9,043	9,043	9,043	9,043
Subordinated loans	100	100	100	100	100	100	100	100
Minority interest	1	2	3	4	5	6	7	8
Shareholders equity	1,626	1,694	1,780	1,851	1,824	1,891	1,960	2,015
<b>Total equity and liabilities</b>	<b>12,485</b>	<b>12,450</b>	<b>12,516</b>	<b>12,945</b>	<b>13,377</b>	<b>13,429</b>	<b>13,496</b>	<b>13,564</b>
Loans to deposits	98%	103%	102%	102%	99%	99%	100%	101%
Non-mortg. loans to deposits	98%	103%	102%	102%	99%	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 23	Q2 23	Q3 23	Q4 23	Q1 24E	Q2 24E	Q3 24E	Q4 24E
Net interest income	18%	33%	44%	38%	19%	5%	-9%	-15%
Net commission income	-1%	-13%	-12%	-24%	-9%	11%	11%	16%
<b>Total Revenues</b>	<b>2%</b>	<b>22%</b>	<b>34%</b>	<b>14%</b>	<b>20%</b>	<b>0%</b>	<b>-6%</b>	<b>-8%</b>
Staff costs	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total expenses</b>	<b>4%</b>	<b>2%</b>	<b>5%</b>	<b>13%</b>	<b>2%</b>	<b>1%</b>	<b>0%</b>	<b>0%</b>
Profit before loan losses	-1%	47%	71%	15%	44%	-1%	-10%	-15%
Operating profit	31%	73%	343%	55%	-11%	-9%	-18%	-35%
<b>Net profit to equity</b>	<b>33%</b>	<b>72%</b>	<b>332%</b>	<b>64%</b>	<b>-14%</b>	<b>-8%</b>	<b>-19%</b>	<b>-36%</b>
Loans to the public (rep)	9%	12%	10%	10%	7%	4%	3%	2%
Deposits	6%	-5%	5%	4%	6%	7%	5%	4%
Assets	5%	-3%	3%	6%	7%	8%	8%	5%
REA growth (BIS Trans)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
REA growth (BIS III)	9%	0%	0%	-5%	-5%	1%	11%	16%

Source: Company data and Nordea estimates

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

DKKm	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
EPS, DKK	19.43	26.55	21.70	17.49	28.50	15.91	32.12	26.28	24.02	22.09
EPS adj, DKK	19.43	19.95	22.95	16.91	20.66	15.33	31.54	25.70	23.44	21.50
BVPS	185.5	207.6	238.5	237.9	212.7	189.8	193.3	210.5	191.9	196.5
TVBS	185.5	206.9	237.5	237.6	212.4	189.5	193.1	210.0	191.4	195.9
DPS (tot., DKK)	4.00	7.32	0.00	52.14	40.33	26.12	8.36	41.90	16.81	15.46
Dividend pay-out ratio	21%	37%	0%	308%	195%	170%	26%	163%	72%	72%
Share repurchases (per share)	0.00	0.00	1.61	0.70	0.00	0.00	0.00	0.00	0.00	0.00
Total pay-out ratio	21%	27%	7%	303%	142%	164%	26%	159%	70%	70%
Share price (period end)	106	109	109	152	141	136	165	150	150	150
Market cap. (m)	1,040	1,038	1,034	1,451	1,345	1,302	1,575	1,431	1,431	1,431
Dil. number of shares	10	10	9	10	10	10	10	10	10	10

**VALUATION**

(x)	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
P/E	5.5	4.1	5.0	8.7	4.9	8.5	5.1	5.7	6.2	6.8
P/E (adj.)	5.5	5.4	4.8	9.0	6.8	8.9	5.2	5.8	6.4	7.0
P/BV	0.57	0.52	0.46	0.64	0.66	0.72	0.85	0.71	0.78	0.76
P/TBV	0.57	0.52	0.46	0.64	0.66	0.72	0.85	0.71	0.78	0.76
Dividend yield (tot.)	3.8%	6.7%	0.0%	34.3%	28.7%	19.2%	5.1%	28.0%	11.2%	10.3%
Total yield	3.8%	6.7%	1.5%	34.8%	28.7%	19.2%	5.1%	28.0%	11.2%	10.3%

**CAPITAL RATIOS**

%	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
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	1,731	1,874	2,023	2,206	1,629	1,556	1,758	1,602	1,664	1,720
BIS III REA	9,895	10,621	10,764	9,774	6,841	7,195	6,819	7,927	8,207	8,412
BIS III CET1-ratio	17.5%	17.6%	18.8%	22.6%	23.8%	21.6%	25.8%	20.2%	20.3%	20.5%
BIS III T1-ratio	17.5%	17.6%	20.2%	24.1%	26.0%	23.7%	28.0%	21.9%	21.9%	22.1%
BIS III Capital ratio	19.7%	19.8%	22.3%	26.4%	27.5%	25.1%	29.4%	23.4%	23.3%	23.4%
Tang. Equity/Assets	11.5%	11.9%	12.4%	13.1%	17.2%	14.9%	14.3%	14.8%	13.3%	13.4%
Tang. Equity/Lending	19.1%	19.9%	22.7%	29.8%	26.7%	22.4%	20.8%	22.1%	19.6%	19.6%
Leverage ratio	11.0%	11.2%	11.1%	12.8%	13.8%	12.8%	13.6%	11.8%	12.1%	12.3%

**CREDIT QUALITY**

DKKm	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Impaired loans	0	0	0	0	0	0	0	0	0	0
Loan loss reserves	511	607	496	328	321	315	309	303	297	291
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	5.48%	6.23%	5.00%	3.74%	4.22%	4.01%	3.64%	3.37%	3.22%	3.08%
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	-0.64%	-1.14%	-1.06%	-0.06%	-1.01%	-0.59%	-0.12%	0.46%	0.38%	0.42%
Growth loan loss reserves (y/y)	-25%	19%	-18%	-34%	-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.	n.a.	n.a.

**PROFITABILITY**

Adjusted for non-rec. Items	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
RoE	10.1%	10.2%	10.3%	7.1%	9.2%	7.6%	16.5%	12.7%	11.6%	11.1%
RoTBV	10.1%	10.2%	10.3%	7.1%	9.2%	7.6%	16.5%	12.7%	11.7%	11.1%
C/I	-71.3%	-71.9%	-71.9%	-61.4%	-58.0%	-54.6%	-49.0%	-49.0%	-51.9%	-52.4%
NII-margin	4.15%	3.83%	3.67%	2.87%	3.32%	3.34%	4.16%	3.87%	3.38%	3.12%

**REVENUE DISTRIBUTION**

Adjusted for non-rec. Items	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net Interest Income	60%	59%	55%	65%	62%	59%	67%	65%	63%	61%
Net Commission Income	29%	27%	29%	16%	19%	20%	15%	15%	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	5%	7%	7%	6%	8%	9%	6%	7%	7%	8%

Source: Company data and Nordea estimates

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

DKKm	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net Interest Income	387	373	367	258	260	270	360	355	319	301
Net Commission Income	186	172	189	60	79	88	77	82	87	92
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	44	44	53	45	34	52	60	56	54	55
Other income	31	46	49	24	34	38	32	39	36	37
<b>Total revenues</b>	<b>648</b>	<b>635</b>	<b>658</b>	<b>387</b>	<b>407</b>	<b>447</b>	<b>528</b>	<b>532</b>	<b>497</b>	<b>485</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>462</b>	<b>457</b>	<b>473</b>	<b>237</b>	<b>236</b>	<b>244</b>	<b>259</b>	<b>261</b>	<b>258</b>	<b>254</b>
<b>Profit before loan losses</b>	<b>186</b>	<b>179</b>	<b>185</b>	<b>149</b>	<b>171</b>	<b>203</b>	<b>269</b>	<b>272</b>	<b>239</b>	<b>231</b>
Loan losses	60	111	106	5	77	47	10	-42	-35	-40
Write-downs on assets	-18	72	-13	0	89	0	-9	0	0	0
<b>Operating profit</b>	<b>234</b>	<b>324</b>	<b>261</b>	<b>207</b>	<b>340</b>	<b>207</b>	<b>379</b>	<b>313</b>	<b>284</b>	<b>261</b>
Taxes	-44	-66	-54	-40	-67	-55	-72	-61	-54	-50
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>191</b>	<b>257</b>	<b>207</b>	<b>166</b>	<b>272</b>	<b>152</b>	<b>308</b>	<b>252</b>	<b>230</b>	<b>211</b>

**BALANCE SHEET**

DKKm	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Cash / Interbank	251	180	252	208	1,292	1,443	1,796	1,786	1,786	1,786
Loans to credit institutions	617	914	878	1,178	445	390	260	618	618	618
Loans to the public	9,537	9,956	9,909	7,608	7,624	8,083	8,883	9,102	9,330	9,563
Goodwill and other intangibles	0	7	10	2	3	2	2	5	5	5
<b>Total assets</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>12,945</b>	<b>13,564</b>	<b>13,792</b>	<b>14,025</b>
<b>Interbank/owed to credit institutions</b>	<b>360</b>	<b>299</b>	<b>55</b>	<b>28</b>	<b>839</b>	<b>858</b>	<b>719</b>	<b>688</b>	<b>688</b>	<b>688</b>
Deposits	13,083	13,878	15,164	7,733	7,902	8,360	8,735	9,043	9,043	9,043
Subordinated loans	223	223	224	225	99	100	100	100	100	100
Minority interest	0	0	0	0	0	0	0	0	1	2
Shareholders equity	1,820	1,987	2,263	2,271	2,036	1,817	1,851	2,015	1,837	1,881
<b>Total equity and liabilities</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>12,945</b>	<b>13,564</b>	<b>13,792</b>	<b>14,025</b>
Loans to deposits	73%	72%	65%	98%	96%	97%	102%	101%	103%	106%
Non-mortg. loans to deposits	73%	72%	65%	98%	96%	97%	102%	101%	103%	106%
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	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net interest income	-6%	-4%	-2%	-31%	1%	4%	34%	-1%	-10%	-6%
Net commission income	-3%	-7%	10%	-68%	32%	11%	-13%	7%	6%	5%
<b>Total Revenues</b>	<b>1%</b>	<b>-2%</b>	<b>4%</b>	<b>-41%</b>	<b>5%</b>	<b>10%</b>	<b>18%</b>	<b>1%</b>	<b>-7%</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>0%</b>	<b>-1%</b>	<b>4%</b>	<b>-50%</b>	<b>0%</b>	<b>3%</b>	<b>6%</b>	<b>1%</b>	<b>-1%</b>	<b>-1%</b>
Profit before loan losses	4%	-4%	3%	-19%	15%	19%	33%	1%	-12%	-3%
Operating profit	13%	4%	7%	-21%	64%	-39%	83%	-18%	-9%	-8%
<b>Net profit to equity</b>	<b>17%</b>	<b>1%</b>	<b>13%</b>	<b>-26%</b>	<b>23%</b>	<b>-26%</b>	<b>106%</b>	<b>-19%</b>	<b>-9%</b>	<b>-8%</b>
Loans to the public (rep)	4%	4%	0%	-23%	0%	6%	10%	2%	3%	3%
Deposits	3%	6%	9%	-49%	2%	6%	4%	4%	0%	0%
Assets	1%	6%	9%	-5%	-32%	3%	6%	5%	2%	2%
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)	1%	7%	1%	-9%	-30%	5%	-5%	16%	4%	3%

Source: Company data and Nordea estimates

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**Completion Date**

30 Jul 2024, 00:36 CET

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