

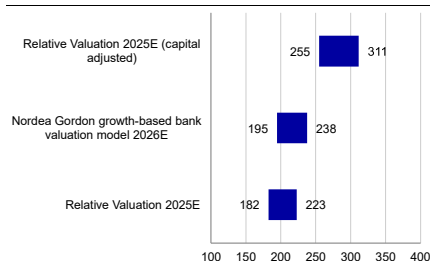
## KEY DATA

Stock country	Faroe Islands
Bloomberg	BNORDIK DC
Reuters	BNORDIK.CO
Share price (close)	DKK 153.5
Free float	65%
Market cap. (bn)	EUR 0.20/DKK 1.47
Website	www.banknordik.com
Next report date	31 Oct 2024

## PERFORMANCE



## VALUATION APPROACH (DKK/SHARE)



Source: Nordea estimates

## ESTIMATE CHANGES

Year	2024E	2025E	2026E
Total revenue	0%	2%	2%
Total costs	0%	0%	-1%
Profit before loan losses	0%	3%	5%
PTP	0%	4%	5%
DPS (ord)	-16%	-3%	-2%
EPS (adj)	0%	4%	5%

Source: Nordea estimates

## Nordea IB &amp; Equity - Analysts

Mathias Nielsen  
Associate Director

## Encouraging strategy and 2026 targets

On 30 August 2024, Føroya Banki announced its 2026 strategy and financial targets. The bank aims at: 1) a 2026 return on equity of "above 12%"; 2) a 2026 cost/income ratio of "below 53%"; and 3) a CET1 ratio of ~23%. We were positively surprised about the bank's ambitious ROE and C/I targets, while the CET1 target was a tad higher than our estimate. While we forecast the bank will meet its C/I ratio and CET1 targets, we estimate a 2026 ROE of 11.1% at normalised loan losses of DKK 40m. Less interest rate cuts than the 1.5pp we pencil in for the remainder of 2024 and 2025 could also lift its ROE above the target. We raise 2025E-26E net profit by 4-5%. Our new Gordon growth-based fair value range is DKK 195-238 (194-237).

## Another step towards improved clarity on capital

Since Føroya Banki deviated from its dividend policy for the 2023 results, the clarity on capital distribution has been weak. With the Q2 results, we gained clarity on the CET1 requirement, as the Danish FSA's investigation of property markets led to a DKK 200m increase in REA. With its 2026 CET1 ratio target of ~23%, we now also have the bank's own assessment of what is a proper CET1 level. We had expected a 2026 CET1 ratio target of ~22%. We hence cut its 2024E extraordinary dividend by DKK 75m. Driven by increased growth assumptions, we also cut its 2025E-26E payout ratio to 70% (75%). The bank's ambition remains to distribute at least 70% of profits to shareholders annually. We estimate 2024E-26E dividends of 48% of market cap. We argue that this estimate has become significantly de-risked with recent clarity on the capital requirement and the 2026 target.

## We raise 2025E-26E adjusted EPS by 4-5%

Føroya Banki aims to gain market shares including in the Greenlandic market and consolidate its position in the Faroese bank and insurance market. We hence increase our lending growth estimates slightly, lifting 2025E-26E NII by 1%. We also raise 2025E-26E net insurance income and other income by 5-8%. We estimate a 2026 cost/income ratio of 52.7%, a tad better than the bank's target of "below 53%".

## 2025E capital adjusted P/E of ~4x, ~45% below Danish peers

We leave our 2024E net profit estimates unchanged. We find it likely that the bank could add more flavour on its strategy with the Q3 results by the end of October. We do not expect to see an extraordinary dividend before the annual results. With the improved clarity on capital, this could however also come with the Q3 results.

## SUMMARY TABLE - KEY FIGURES

DKKm	2020	2021	2022	2023	2024E	2025E	2026E
Total revenue	387	407	447	528	526	501	491
Total costs	237	236	244	259	267	264	259
LL-ratio	-0.06%	-1.01%	-0.59%	-0.12%	0.29%	0.37%	0.41%
PTP	207	340	207	379	336	287	267
RoE	7.3%	12.7%	7.9%	16.8%	14.0%	11.9%	11.4%
RoTBV (adj)	7.1%	9.2%	7.6%	16.5%	13.8%	11.6%	11.2%
P/E (adj)	9.0	6.8	8.9	5.2	5.5	6.5	7.0
P/BV	0.64	0.66	0.72	0.85	0.72	0.79	0.77
P/TBV	0.64	0.66	0.72	0.85	0.72	0.79	0.77
BIS III CT1-ratio	22.6%	23.8%	21.6%	25.8%	23.2%	23.3%	23.3%
DPS (ord, DKK)	52.14	40.33	26.12	8.36	40.81	16.99	15.84
Dividend Yield (ord)	34.30%	28.70%	19.20%	5.08%	26.59%	11.07%	10.32%
Total payout ratio	3.03	1.42	1.64	0.26	1.43	0.70	0.70

Source: Company data and Nordea estimates

# Estimates

## CHANGES TO OUR ESTIMATES

DKKm	New estimates			Old estimates			Change (%)			Change (DKK)		
	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Net interest income	353	321	303	353	318	300	0%	1%	1%	0	3	3
Net fee and commission income	76	84	88	76	84	88	0%	0%	0%	0	0	0
Net insurance income	56	57	60	56	54	55	0%	5%	8%	0	3	4
Other income	40	39	40	40	37	38	0%	5%	6%	0	2	2
<b>Total Income</b>	<b>526</b>	<b>501</b>	<b>491</b>	<b>526</b>	<b>493</b>	<b>482</b>	<b>0%</b>	<b>2%</b>	<b>2%</b>	<b>0</b>	<b>7</b>	<b>9</b>
<b>Total Expenses</b>	<b>-267</b>	<b>-264</b>	<b>-259</b>	<b>-267</b>	<b>-264</b>	<b>-260</b>	<b>0%</b>	<b>0%</b>	<b>-1%</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Profit before loan losses</b>	<b>259</b>	<b>237</b>	<b>232</b>	<b>259</b>	<b>229</b>	<b>221</b>	<b>0%</b>	<b>3%</b>	<b>5%</b>	<b>0</b>	<b>7</b>	<b>11</b>
Loan losses	-26	-35	-40	-26	-35	-40	0%	0%	0%	0	0	0
<b>Operating profits</b>	<b>233</b>	<b>202</b>	<b>192</b>	<b>233</b>	<b>194</b>	<b>181</b>	<b>0%</b>	<b>4%</b>	<b>6%</b>	<b>0</b>	<b>7</b>	<b>11</b>
Earnings from investment portfolio	103	85	75	103	82	73	0%	4%	3%	0	3	2
Non-recurring and industry solutions	0	0	0	0	0	0	-	-	-	0	0	0
<b>Profit before tax</b>	<b>336</b>	<b>287</b>	<b>267</b>	<b>336</b>	<b>276</b>	<b>254</b>	<b>0%</b>	<b>4%</b>	<b>5%</b>	<b>0</b>	<b>10</b>	<b>13</b>
Discontinued operations before tax	0	0	0	0	0	0	-	-	-	0	0	0
Taxes	-64	-54	-51	-64	-53	-48	0%	4%	5%	0	-2	-2
<b>Net profit</b>	<b>272</b>	<b>232</b>	<b>217</b>	<b>272</b>	<b>224</b>	<b>206</b>	<b>0%</b>	<b>4%</b>	<b>5%</b>	<b>0</b>	<b>8</b>	<b>10</b>
<b>EPS adj, DKK</b>	<b>27.9</b>	<b>23.7</b>	<b>22.0</b>	<b>27.9</b>	<b>22.8</b>	<b>20.9</b>	<b>0%</b>	<b>4%</b>	<b>5%</b>	<b>0.0</b>	<b>0.9</b>	<b>1.1</b>
<b>DPS, DKK</b>	<b>40.8</b>	<b>17.0</b>	<b>15.8</b>	<b>48.6</b>	<b>17.5</b>	<b>16.1</b>	<b>-16%</b>	<b>-3%</b>	<b>-2%</b>	<b>-7.8</b>	<b>-0.6</b>	<b>-0.3</b>
<b>CET1 ratio</b>	<b>23.2%</b>	<b>23.3%</b>	<b>23.3%</b>	<b>22.1%</b>	<b>22.1%</b>	<b>22.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.1pp</b>	<b>1.2pp</b>	<b>1.2pp</b>

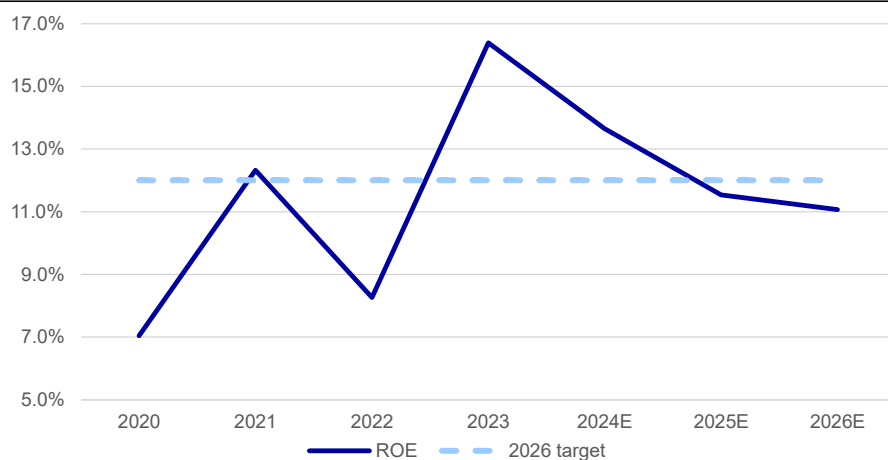
Source: Company data and Nordea estimates

### 2026 ROE TARGET: >12%

Føroya Banki targets a 2026 ROE of "above 12%"

This is on par with its current 2024 target

We estimate a 2026 ROE of 11.1% at normalised loan losses of DKK 40m annually



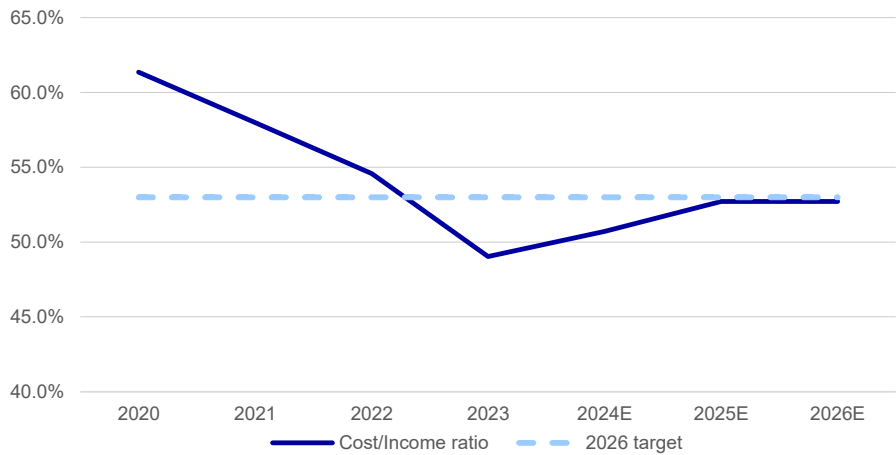
Source: Company data and Nordea estimates

**2026 COST/INCOME RATIO TARGET: <53%**

Føroya Banki targets a 2026 cost/income ratio of "below 53%"

This is on par with its current 2024 target

We estimate a 2026 cost/income ratio of 52.7%. This is based on our assumption of six interest rate cuts of 1.5pp in total during the remainder of 2024 and 2025



Source: Company data and Nordea estimates

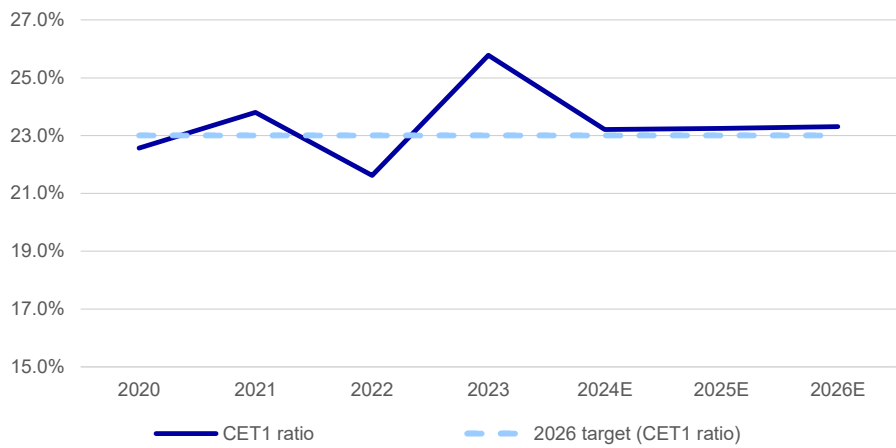
**2026 CET1 RATIO TARGET: ~23%**

Føroya Banki targets a 2026 CET1 ratio of ~23%

This is up 3pp from its current 2024 target of ~20%

We estimate a 2023 CET1 ratio of 23.3%

The 2020-23 average was 23.4%



Source: Company data and Nordea estimates

# Reported numbers and forecasts

## QUARTERLY KEY DATA

### SHARE DATA

DKKm	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24E	Q4 24E
EPS, DKK	6.11	6.31	7.30	6.79	3.92	5.78	4.61	3.31
EPS adj, DKK	6.37	6.71	7.30	6.79	3.92	5.78	4.61	3.31
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	153.50	153.50
Market cap. (m)	1,718	1,365	1,575	1,570	2,921	4,296	5,861	7,327
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 24	Q2 24	Q3 24E	Q4 24E
P/E	7.4	5.7	5.6	6.1	9.8	6.5	8.3	11.6
P/E (adj.)	7.1	5.3	5.6	6.1	9.8	6.5	8.3	11.6
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 24	Q2 24	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%	25.6%	25.2%	23.2%
BIS III T1-ratio	23.1%	24.2%	23.9%	28.0%	27.0%	27.5%	27.0%	25.1%
BIS III T2-ratio	24.4%	25.6%	25.3%	29.4%	28.6%	29.2%	28.7%	26.8%
Tang. Equity/Assets	13.0%	13.6%	14.2%	14.3%	13.6%	14.1%	14.5%	14.9%
Tang. Equity/Lending	19.4%	19.5%	20.2%	20.8%	20.4%	21.1%	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 24	Q2 24	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%	3.41%	3.35%	3.30%
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%	-0.30%	0.13%	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 24	Q2 24	Q3 24E	Q4 24E
RoE	14.9%	17.9%	20.3%	19.5%	12.0%	18.6%	15.2%	11.2%
RoTBV	14.9%	17.9%	20.3%	19.5%	12.0%	18.7%	15.2%	11.3%
C/I	-56.8%	-47.7%	-44.2%	-49.2%	-48.0%	-51.9%	-48.4%	-55.1%
NII-margin	3.78%	4.06%	4.40%	4.51%	4.15%	3.99%	3.84%	3.68%

### REVENUE DISTRIBUTION

Adjusted for non-rec. Items	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24E	Q4 24E
Net Interest Income	69%	64%	65%	75%	69%	68%	63%	69%
Net Commission Income	19%	14%	13%	13%	14%	13%	15%	16%
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%	8%	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 24	Q2 24	Q3 24E	Q4 24E
Net Interest Income	78	86	96	100	92	90	87	84
Net Commission Income	21	19	19	17	19	17	21	19
Net result from financial transactions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net insurance income	5	19	24	12	12	15	20	10
Other income	8	11	9	4	11	10	11	8
<b>Total revenues</b>	<b>112</b>	<b>135</b>	<b>148</b>	<b>133</b>	<b>135</b>	<b>132</b>	<b>138</b>	<b>122</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>68</b>	<b>67</b>	<b>67</b>
<b>Profit before loan losses</b>	<b>49</b>	<b>71</b>	<b>83</b>	<b>68</b>	<b>70</b>	<b>63</b>	<b>71</b>	<b>55</b>
Loan losses	8	7	0	-5	-23	7	-3	-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>105</b>	<b>91</b>	<b>70</b>
Taxes	-14	-17	-20	-20	-15	-18	-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>87</b>	<b>74</b>	<b>56</b>

**BALANCE SHEET**

DKKm	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24E	Q4 24E
Cash / Interbank	1,472	1,345	1,244	1,796	1,786	2,083	2,083	2,083
Loans to credit institutions	354	361	373	260	618	437	437	437
Loans to the public	8,354	8,655	8,790	8,883	8,915	9,023	9,131	9,200
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>13,492</b>	<b>13,600</b>	<b>13,669</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>684</b>	<b>684</b>	<b>684</b>
Deposits	8,542	8,442	8,617	8,735	9,043	9,227	9,227	9,227
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	1,909	1,982	2,036
<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>13,492</b>	<b>13,600</b>	<b>13,669</b>
Loans to deposits	98%	103%	102%	102%	99%	98%	99%	100%
Non-mortg. loans to deposits	98%	103%	102%	102%	99%	98%	99%	100%
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 24	Q2 24	Q3 24E	Q4 24E
Net interest income	18%	33%	44%	38%	19%	4%	-9%	-15%
Net commission income	-1%	-13%	-12%	-24%	-9%	-9%	6%	11%
<b>Total Revenues</b>	<b>2%</b>	<b>22%</b>	<b>34%</b>	<b>14%</b>	<b>20%</b>	<b>-2%</b>	<b>-7%</b>	<b>-9%</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>6%</b>	<b>2%</b>	<b>2%</b>
Profit before loan losses	-1%	47%	71%	15%	44%	-10%	-14%	-19%
Operating profit	31%	73%	343%	55%	-11%	14%	-16%	-36%
<b>Net profit to equity</b>	<b>33%</b>	<b>72%</b>	<b>332%</b>	<b>64%</b>	<b>-14%</b>	<b>17%</b>	<b>-16%</b>	<b>-36%</b>
Loans to the public (rep)	9%	12%	10%	10%	7%	4%	4%	4%
Deposits	6%	-5%	5%	4%	6%	9%	7%	6%
Assets	5%	-3%	3%	6%	7%	8%	9%	6%
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%	-2%	-2%	3%

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	28.46	24.27	22.63
EPS adj, DKK	19.43	19.95	22.95	16.91	20.66	15.33	31.54	27.87	23.69	22.04
BVPS	185.5	207.6	238.5	237.9	212.7	189.8	193.3	212.7	195.4	200.3
TVBS	185.5	206.9	237.5	237.6	212.4	189.5	193.1	212.2	194.9	199.8
DPS (tot., DKK)	4.00	7.32	0.00	52.14	40.33	26.12	8.36	40.81	16.99	15.84
Dividend pay-out ratio	21%	37%	0%	308%	195%	170%	26%	146%	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%	143%	70%	70%
Share price (period end)	106	109	109	152	141	136	165	154	154	154
Market cap. (m)	1,040	1,038	1,034	1,451	1,345	1,302	1,575	1,469	1,469	1,469
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	5.4	6.3	6.8
P/E (adj.)	5.5	5.4	4.8	9.0	6.8	8.9	5.2	5.5	6.5	7.0
P/BV	0.57	0.52	0.46	0.64	0.66	0.72	0.85	0.72	0.79	0.77
P/TBV	0.57	0.52	0.46	0.64	0.66	0.72	0.85	0.72	0.79	0.77
Dividend yield (tot.)	3.8%	6.7%	0.0%	34.3%	28.7%	19.2%	5.1%	26.6%	11.1%	10.3%
Total yield	3.8%	6.7%	1.5%	34.8%	28.7%	19.2%	5.1%	26.6%	11.1%	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	1,633	1,696	1,754
BIS III REA	9,895	10,621	10,764	9,774	6,841	7,195	6,819	7,036	7,295	7,526
BIS III CET1-ratio	17.5%	17.6%	18.8%	22.6%	23.8%	21.6%	25.8%	23.2%	23.3%	23.3%
BIS III T1-ratio	17.5%	17.6%	20.2%	24.1%	26.0%	23.7%	28.0%	25.1%	25.0%	25.0%
BIS III Capital ratio	19.7%	19.8%	22.3%	26.4%	27.5%	25.1%	29.4%	26.8%	26.7%	26.6%
Tang. Equity/Assets	11.5%	11.9%	12.4%	13.1%	17.2%	14.9%	14.3%	14.9%	13.4%	13.4%
Tang. Equity/Lending	19.1%	19.9%	22.7%	29.8%	26.7%	22.4%	20.8%	22.1%	19.7%	19.5%
Leverage ratio	11.0%	11.2%	11.1%	12.8%	13.8%	12.8%	13.6%	12.0%	12.2%	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%	3.35%	3.17%	3.01%
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%	0.29%	0.37%	0.41%
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%	13.7%	11.6%	11.1%
RoTBV	10.1%	10.2%	10.3%	7.1%	9.2%	7.6%	16.5%	13.8%	11.6%	11.2%
C/I	-71.3%	-71.9%	-71.9%	-61.4%	-58.0%	-54.6%	-49.0%	-50.7%	-52.7%	-52.7%
NII-margin	4.15%	3.83%	3.67%	2.87%	3.32%	3.34%	4.16%	3.83%	3.36%	3.07%

**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%	66%	63%	60%
Net Commission Income	29%	27%	29%	16%	19%	20%	15%	15%	17%	18%
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%	8%	8%	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	353	321	303
Net Commission Income	186	172	189	60	79	88	77	76	84	88
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	57	60
Other income	31	46	49	24	34	38	32	40	39	40
<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>526</b>	<b>501</b>	<b>491</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>267</b>	<b>264</b>	<b>259</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>259</b>	<b>237</b>	<b>232</b>
Loan losses	60	111	106	5	77	47	10	-26	-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>336</b>	<b>287</b>	<b>267</b>
Taxes	-44	-66	-54	-40	-67	-55	-72	-64	-54	-51
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>272</b>	<b>232</b>	<b>217</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	2,083	2,083	2,083
Loans to credit institutions	617	914	878	1,178	445	390	260	437	437	437
Loans to the public	9,537	9,956	9,909	7,608	7,624	8,083	8,883	9,200	9,491	9,792
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>13,669</b>	<b>13,960</b>	<b>14,261</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>684</b>	<b>684</b>	<b>684</b>
Deposits	13,083	13,878	15,164	7,733	7,902	8,360	8,735	9,227	9,227	9,227
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	2,036	1,871	1,918
<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>13,669</b>	<b>13,960</b>	<b>14,261</b>
Loans to deposits	73%	72%	65%	98%	96%	97%	102%	100%	103%	106%
Non-mortg. loans to deposits	73%	72%	65%	98%	96%	97%	102%	100%	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%	-2%	-9%	-6%
Net commission income	-3%	-7%	10%	-68%	32%	11%	-13%	-1%	10%	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>0%</b>	<b>-5%</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>3%</b>	<b>-1%</b>	<b>-2%</b>
Profit before loan losses	4%	-4%	3%	-19%	15%	19%	33%	-4%	-9%	-2%
Operating profit	13%	4%	7%	-21%	64%	-39%	83%	-11%	-15%	-7%
<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>-12%</b>	<b>-15%</b>	<b>-7%</b>
Loans to the public (rep)	4%	4%	0%	-23%	0%	6%	10%	4%	3%	3%
Deposits	3%	6%	9%	-49%	2%	6%	4%	6%	0%	0%
Assets	1%	6%	9%	-5%	-32%	3%	6%	6%	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%	3%	4%	3%

Source: Company data and Nordea estimates

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**Completion Date**

02 Sep 2024, 04:07 CET

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