

# Aktia

## Company report

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✓ Inderes corporate customer

This report is a summary translation of the report "Vuosi jatkuu odotusten mukaisesti" published on 8/5/2024 at 8:17 am EEST

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# The year continued as expected

Aktia released a fairly unsurprising Q2 result on Friday. Forecast changes following the quarterly report were mainly limited to increased expenditure forecasts and we expect the result to grow this year, thanks to strong development in net interest income. We still find Aktia's valuation attractive based on all indicators just like the entire banking sector, so we reiterate our EUR 10.5 target price and Accumulate recommendation.

## Q2 report contained no significant surprises

Profit lines developed mainly as we expected in Q2, but operating costs exceeded our forecast. However, thanks to the strong performance of life insurance, the comparable EBIT of 30.8 MEUR exceeded our forecast by some 2%. EPS landed at EUR 0.34. Loan losses were lower than we expected in the quarter at 1.8 MEUR, even though the quality of loan portfolio declined moderately. This may still indicate slightly increasing loan losses for the remainder of the year. Loan demand remained subdued, which resulted in Aktia's loan portfolio continuing to decline as in Q1. No material changes were seen in the bank's solvency. The company's expectations for the earnings development during the rest of the year remained unchanged, contrary to our interpretation in Friday's flash comment.

## Our earnings forecasts decreased slightly as cost forecasts increased

Forecast changes were relatively moderate after an unsurprising quarter. On the income side, our forecasts did not change much, but we raised our operating cost forecasts as IT costs in Q2 were somewhat higher than our assumptions. Overall, our comparable EBIT forecasts for the coming years decreased by some 3%, mainly due to this.

We now suspect that the quarterly interest income peaked in H1. Thus, starting from the end of the year, the decline in market rates will have a negative impact on the development of net interest income. This is difficult to compensate for by growing the loan portfolio, so in our forecasts, interest income turns to a decline in 2025–2026. We expect that fee and commission income will grow steadily with AUM growth and gradually normalizing loan demand. Due to the fairly fixed cost structure and gradually decreasing interest income, the EBIT curve is declining in our forecasts in the coming years. However, we expect ROE to remain historically at a fairly good level of 12-13%. When the central bank's interest rate cuts eventually come to an end, the result should rise again with increasing loan volumes and AUM.

## Share valuation is moderate

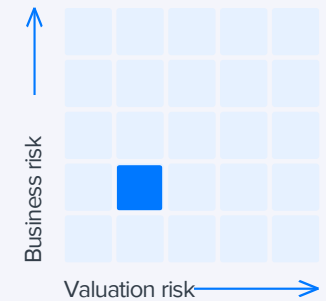
We have examined Aktia's valuation through historical valuation multiples, Nordic bank peers and the DDM model. Different methods indicate the value of Aktia's share to be EUR 8.9-11.3, with a mid-point of EUR 10.2. Therefore, we still consider Aktia's valuation attractive and feel the upside in the valuation multiples combined with a strong dividend return (8-9%) provides investors with a good expected return. Earnings growth in turn will be slightly negative in the coming years due to the declining interest income. However, to reap the benefits of the potential the market must be reassured that the company can 1) at least maintain its market share in lending and 2) turn net subscriptions in asset management back to growth. In our view, these are the key drivers of the share and the company's value.

## Recommendation

**Accumulate**  
(previous Accumulate)

**EUR 10.50**  
(previous EUR 10.50)

**Share price:**  
9.41



## Key figures

	2023	2024e	2025e	2026e
<b>Operating income</b>	287	302	304	304
<b>growth-%</b>	-5 %	5 %	1 %	0 %
<b>EBIT adj.</b>	104.7	116.6	111.8	109.2
<b>Net result</b>	81.3	92.9	89.4	87.4
<b>EPS (adj.)</b>	1.15	1.29	1.22	1.19
<b>Dividend</b>	0.70	0.83	0.79	0.77
<b>Payout ratio</b>	61 %	64 %	65 %	65 %
<b>ROE-%</b>	13.2 %	14.0 %	12.8 %	12.0 %
<b>P/E (adj.)</b>	8.2	7.3	7.7	7.9
<b>P/B</b>	1.1	1.0	1.0	0.9
<b>Dividend yield-%</b>	7.4 %	8.8 %	8.5 %	8.3 %

## Guidance

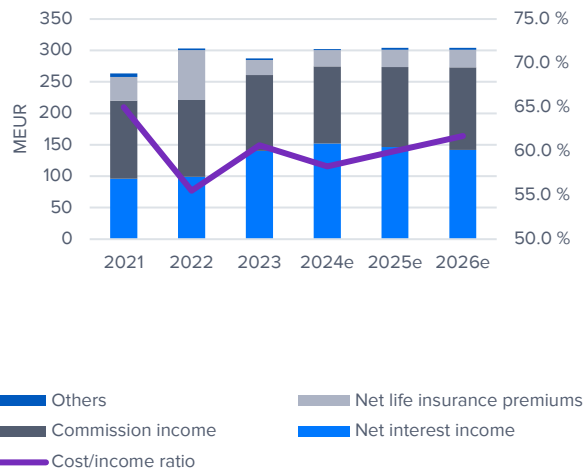
(Upgraded)

Aktia's comparable EBIT for 2024 is expected to be higher than the 104.8 MEUR reported for 2023.

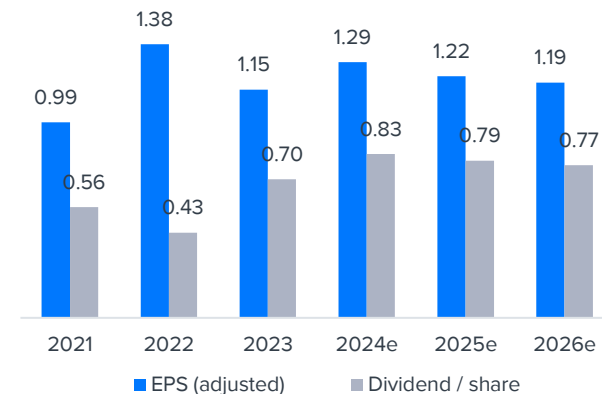
## Share price



## Operating income and cost/income ratio



## EPS and dividend



Source: Inderes



## Value drivers

- Increases in interest rates
- Growth in asset management
- Improving cost-efficiency
- Increasing market share in banking
- M&A transactions



## Risk factors

- Transformation in the banking sector and tightening competition
- Decrease in interest rates
- Continuously tightening regulations
- Dependence on economic cycles and capital market development
- Dependence on the Finnish housing market

Valuation	2024e	2025e	2026e
Share price	9.41	9.41	9.41
Market cap	686	686	686
P/E (adj.)	7.3	7.7	7.9
P/E	7.4	7.7	7.9
P/B	1.0	1.0	0.9
Payout ratio (%)	65.0 %	65.0 %	65.0 %
Dividend yield-%	8.8 %	8.5 %	8.3 %

Source: Inderes

# Quarter in line with overall expectations

## No surprises in the profit lines

Aktia's operating income in Q2 was 76.7 MEUR, which was well in line with our expectations. Of the main profit lines, net interest income grew by 18% from the comparison period as expected.

Q2's net interest income included 1.2 MEUR in adjustments for incorrect interest calculation in Q1, so in reality net interest income still grew marginally in Q2. However, the growth was explained by lower interest expenses, as the company repaid 100 MEUR of its central bank loans. In terms of profits, net interest income already made a slight downturn as loan rates fell in the wake of reference rates. This strengthens our belief that H1 will mark the peak of net interest income for the time being.

Mortgage demand remained subdued, which meant the mortgage portfolio continued on a downward

trend. In corporate loans, development was also clearly weaker than expected, resulting in Aktia's loan portfolio shrinking by 1.0% from the previous quarter.

Net fee and commission income was fully in line with our forecast of 30.8 MEUR. The most important component of fee and commission income, i.e. commission income from asset management, suffered from net redemptions during the quarter, especially among international customers. However, due to positive value changes, AUM grew slightly from the previous quarter. The result of life insurance operations, on the other hand, developed stronger than we expected.

## Growth on the cost side

Aktia's operating expenses in Q2 were somewhat higher than our expectations. This was due to IT outsourcing and investments in IT systems, whose

cost impact seems to be higher than we estimated. In terms of personnel costs and other operating expenses, the development was as expected. Total operating expenses increased by 5% from the comparison period.

Loan losses were lower than expected in the quarter at 1.8 MEUR (0.08% of the loan portfolio annualized). However, the quality of the loan portfolio moderated slightly as non-performing loans increased. This may still indicate slightly increasing loan losses for the remainder of the year. No material changes were seen in the bank's solvency.

Aktia's comparable EBIT was 30.8 MEUR in Q2, which exceeded our forecast by approximately 2%. EPS landed at EUR 0.34.

Estimates MEUR / EUR	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Net interest income	32.8	38.8	38.6				1 %	152
Fee & commission income	30.4	30.8	30.8				0 %	122
Other income	6.1	7.1	6.4				11 %	28
Operating income	69.3	76.7	75.8				1 %	302
Operating costs	-42.2	-44.8	-43.0				-4 %	-176
Comparable EBIT	25.5	30.8	30.2				2 %	117
EPS (adj.)	0.27	0.34	0.33				3 %	1.29

Source: Inderes

# Company's earnings development expectations for rest of the year are unchanged

## Only technical revisions in outlook

In connection with the interim report, Aktia made a small revision to the wording of its 2024 guidance. Previous guidance expected EBIT to be somewhat higher or higher than the reported 108.4 MEUR in the previous year, while the new guidance indicates that EBIT will be higher than in the previous year. Previously, Aktia adjusted its 2023 result due to a technical error, and now also updated its guidance benchmark EBIT to 104.8 MEUR. In our flash comment, we misinterpreted that the company had revised its guidance marginally downward. However, in the earnings call the management specified that the guidance actually remained unchanged. This makes no significant difference as EBIT was in any case expected to grow from the year before.

Consequently, the company's expectations of earnings development have remained unchanged during the quarter.

We now expect the bank's comparable EBIT to grow by 7% compared to the old benchmark (108.4 MEUR) and by 11% compared to the updated benchmark (104.8 MEUR). We believe this is in line with the company's current earnings guidance.

Estimates MEUR / EUR	Q2'23	Q2'24	Q2'24e	Q2'24e	Consensus		Difference (%)	2024e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
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Source: Inderes

# Forecast changes are limited to the expense side

## Estimate changes:

- We have raised our operating cost forecasts for the coming years, as IT costs in Q2 were somewhat higher than our assumptions. According to the company, this did not involve seasonality, so the forecast overshoot resulted in our cost forecasts being raised.
- We raised our loan loss forecast a smidgen for the rest of the year to consider the weakening quality of the loan portfolio. However, this had a very marginal impact on Group-level EBIT forecasts.
- We also revised our assumption on the growth of the loan portfolio downward due to the subdued loan demand. We expect the loan portfolio to fall this year compared to the previous year and to return to moderate growth again from next year.
- Overall, our forecast for comparable EBIT for the coming years decreased by some 3%, mainly due to the increase in cost forecasts.

## Operational earnings drivers:

- We expect quarterly net interest income to reach its peak in H1. Consequently, the drop in market rates in the coming years will impact the development of net interest income negatively. This is difficult to compensate for by growing the loan portfolio, so in our forecasts, interest income turns to a decline in 2025-2026. Our long-term net interest income forecasts assume that key reference rates will be in the 2-3% range after the central bank's rate cutting cycle.
- We expect that fee and commission income will grow steadily with AUM growth and gradually normalizing loan demand.
- We expect costs to grow steadily alongside the size of the business. Due to this and gradually decreasing net interest income, the EBIT curve is declining in our forecasts in the coming years. However, we expect ROE to remain historically at a fairly good level of 12-13%. When the central bank's interest rate cuts eventually come to an end, earnings should be reversed thanks to growing volumes and AUM.

Estimate revisions	2024e	2024e	Diff. %	2025e	2025e	Diff. %	2026e	2026e	Diff. %
	Old	New		Old	New		Old	New	
Net interest income	153	152	0 %	148	147	-1 %	144	142	-1 %
Net commission income	123	122	-1 %	127	127	0 %	131	131	0 %
Net life insurance premiums	25	26	7 %	25	27	10 %	26	28	10 %
Comparable income	303	302	0 %	304	304	0 %	304	304	0 %
Comparable expenses	-173	-176	2 %	-179	-182	2 %	-184	-188	2 %
Comparable EBIT	121	117	-4 %	115	112	-3 %	112	109	-3 %
EPS adjusted	1,34	1,29	-3 %	1,26	1,22	-3 %	1,22	1,19	-3 %
DPS	0,86	0,83	-4 %	0,82	0,79	-3 %	0,79	0,77	-3 %

Source: Inderes

# Current valuation offers an upside

We have examined Aktia's valuation through historical valuation multiples, Nordic bank peers and the DDM model. The methods indicate that the value of the share is EUR 8.9-11.3, with a midpoint of EUR 10.2. As a whole, we still consider Aktia's valuation attractive and feel the upside in the multiples and strong dividend yield (8-9%) offer a good expected return to investors.

The current price level could also justify a stronger view of the stock. However, the company's development has been volatile in recent history and there are still questions concerning its normal earnings level (and ROE). We believe the company has all the preconditions to grow strongly in asset management, but performance there has been subdued. We feel these factors take away the best edge from the stock's upside.

## Peer group

With 2024 consensus estimates, the Nordic banking sector is valued at a P/E ratio of some 8x. By applying the median multiples of the sector to Aktia's forecasts, the value of the share is approximately EUR 10. We note that the entire Nordic banking sector is currently valued moderately, and the earnings-based valuations in the sector are approximately one-third below historical levels. We suspect the low valuation level rightly reflects market skepticism about the sustainability of performance levels. We believe this is affected by uncertainties related to the general economic situation, the Nordic real estate sector (especially commercial real estate) and interest rate uncertainties. However, we suspect Aktia's exposure to commercial real estate lending is relatively low, and in addition, we consider the bank's lending policy to be very conservative overall.

## Historical valuation multiples

Aktia's valuation can also be examined by comparing the current valuation level to the company's historical valuation multiples. In our examination, we apply a balance sheet-based P/B ratio, as we suspect the result we forecast for 2024 is better than normal due to the exceptionally favorable interest rate level for banks. Therefore, applying earnings-based historical multiples gives a misleading picture of the stock's acceptable valuation level. During the past 5 years, Aktia has been priced on a balance-sheet basis with a P/B ratio of 1.0x. By applying this to equity per share at the end of the quarter, Aktia's share is valued at approximately EUR 9.0 per share.

## Dividend model (DDM)

We have also approached Aktia's value through the DDM model. The dividend model indicates a share value of approximately EUR 11, supporting our target price and view of the stock's upside. The expectations loaded into Aktia's current share price are, therefore, rather moderate. However, to reap the benefits of the potential the market must be reassured that the company can 1) maintain its market share in lending and 2) turn net subscriptions in asset management back to growth. In our view, these are the key drivers of the stock and the company's value.

We have applied a 9.0% ROE requirement for Aktia and 2.0% terminal growth assumption for the dividend (previously 1.5%). We revised our terminal growth assumptions slightly upward to better correspond with the nominal long-term economic growth forecast.

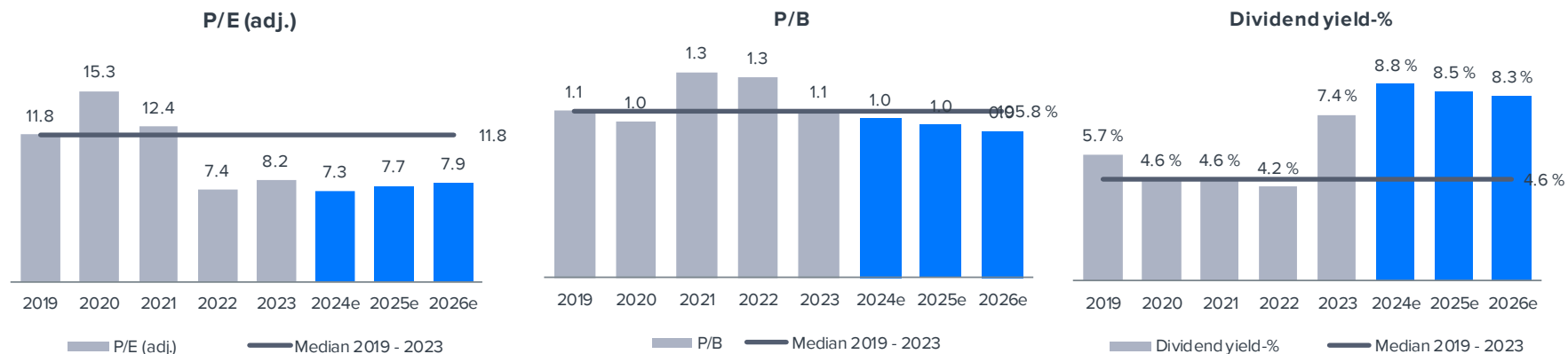
Valuation	2024e	2025e	2026e
Share price	9.41	9.41	9.41
Market cap	686	686	686
P/E (adj.)	7.3	7.7	7.9
P/E	7.4	7.7	7.9
P/B	1.0	1.0	0.9
Payout ratio (%)	65.0 %	65.0 %	65.0 %
Dividend yield-%	8.8 %	8.5 %	8.3 %

Source: Inderes

# Valuation table

Valuation	2019	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	9.34	9.45	12.3	10.2	9.42	<b>9.41</b>	<b>9.41</b>	<b>9.41</b>	<b>9.41</b>
Market cap	645	657	882	736	684	<b>686</b>	<b>686</b>	<b>686</b>	<b>686</b>
P/E (adj.)	11.8	15.3	12.4	7.4	8.2	<b>7.3</b>	<b>7.7</b>	<b>7.9</b>	<b>7.9</b>
P/E	10.4	15.4	13.0	7.5	8.4	<b>7.4</b>	<b>7.7</b>	<b>7.9</b>	<b>7.9</b>
P/B	1.1	1.0	1.3	1.3	1.1	<b>1.0</b>	<b>1.0</b>	<b>0.9</b>	<b>0.9</b>
Payout ratio (%)	59.3 %	70.2 %	60.2 %	31.5 %	62.5 %	<b>65.0 %</b>	<b>65.0 %</b>	<b>65.0 %</b>	<b>65.0 %</b>
Dividend yield-%	5.7 %	4.6 %	4.6 %	4.2 %	7.4 %	<b>8.8 %</b>	<b>8.5 %</b>	<b>8.3 %</b>	<b>8.3 %</b>

Source: Inderes





# Peer group valuation

Peer group valuation Company	Market cap MEUR	P/E		Dividend yield-%		P/B
		2024e	2025e	2024e	2025e	2024e
Evli	226	15.0	14.8	7.7	8.1	3.4
eQ	559	18.2	15.5	5.6	6.7	7.6
Taaleri	232	8.5	11.7	5.9	5.7	1.2
CapMan	336	12.9	9.4	6.1	8.3	2.0
Titanium	114	12.5	11.6	8.3	8.7	5.9
United Bankers	202	11.7	14.2	6.0	6.3	3.5
OmaSp	449	5.2	4.0	5.9	8.1	0.8
Nordea	35960	7.1	7.4	9.4	9.4	1.1
Danske	23031	7.6	7.6	11.3	8.3	0.9
Sydbank	2509	6.0	6.8	8.5	7.4	1.2
Rilba	4062	12.9	12.9	1.0	1.1	2.7
Spar Nord Bank	2107	7.4	7.9	6.9	6.4	1.2
SEB	28178	8.8	9.3	7.4	6.5	1.4
<b>Aktia (Inderes)</b>	<b>686</b>	<b>7.3</b>	<b>7.7</b>	<b>8.8</b>	<b>8.5</b>	<b>1.0</b>
<b>Average</b>		<b>11.6</b>	<b>10.1</b>	<b>7.2</b>	<b>7.2</b>	<b>2.3</b>
<b>Median</b>		<b>8.8</b>	<b>9.4</b>	<b>7.1</b>	<b>7.7</b>	<b>1.2</b>
<b>Diff-% to median</b>		<b>-17%</b>	<b>-18%</b>	<b>23%</b>	<b>10%</b>	<b>-14%</b>

Source: Refinitiv / Inderes

# Income statement

Income statement	2022	Q1'23	Q2'23	Q3'23e	Q4'23	2023	Q1'24e	Q2'24e	Q3'24e	Q4'24e	2024e	2025e	2026e
Net interest income	99	30.9	32.8	38.6	38.2	140	39.1	38.8	37.7	36.4	152	147	142
Net commission income	122	30.3	30.4	30.0	29.8	121	30.1	30.8	30.7	30.9	122	127	131
Net life insurance premiums	79	7.2	5.7	5.1	6.0	24	7.7	7.4	5.6	5.6	26	27	28
Other income	3	1.0	0.4	0.6	0.5	2	0.4	-0.3	0.7	0.7	2	3	3
<b>Total operating income</b>	<b>303</b>	<b>69.4</b>	<b>69.3</b>	<b>74.3</b>	<b>74.5</b>	<b>287</b>	<b>77.3</b>	<b>76.7</b>	<b>74.7</b>	<b>73.6</b>	<b>302</b>	<b>304</b>	<b>304</b>
NRI	0	0.0	0.3	0.0	0.0	0	0.0	0.0	0.0	0.0	0	0	0
<b>Comparable operating income</b>	<b>303</b>	<b>69.4</b>	<b>69.0</b>	<b>74.3</b>	<b>74.5</b>	<b>287</b>	<b>77.3</b>	<b>76.7</b>	<b>74.7</b>	<b>73.6</b>	<b>302</b>	<b>304</b>	<b>304</b>
Personnel expenses	-80	-21.0	-20.9	-21.0	-21.6	-85	-19.3	-20.1	-20.6	-21.9	-82	-84	-87
IT expenses	-33	-9.2	-9.7	-9.6	-12.6	-41	-11.0	-12.7	-12.5	-12.5	-49	-50	-52
Depreciation on tangible and intangible assets	-23	-5.9	-5.9	-5.8	-5.9	-24	-6.0	-6.1	-6.1	-6.1	-24	-25	-25
Other operating expenses	-33	-11.0	-5.7	-4.4	-6.4	-28	-5.1	-5.9	-5.0	-6.5	-23	-23	-24
<b>Total operating expenses</b>	<b>-169</b>	<b>-47.1</b>	<b>-42.2</b>	<b>-40.8</b>	<b>-46.5</b>	<b>-177</b>	<b>-41.4</b>	<b>-44.8</b>	<b>-44.2</b>	<b>-47.0</b>	<b>-177</b>	<b>-182</b>	<b>-188</b>
Non-recurring costs	-1	-1.4	0.0	0.0	-1.1	-2	-0.6	-0.7	0.0	0.0	-1	0	0
<b>Comparable operating expenses</b>	<b>-168</b>	<b>-45.8</b>	<b>-42.2</b>	<b>-40.8</b>	<b>-45.4</b>	<b>-174</b>	<b>-40.8</b>	<b>-44.1</b>	<b>-44.2</b>	<b>-47.0</b>	<b>-176</b>	<b>-182</b>	<b>-188</b>
Impairment	-10	-0.9	-1.3	-2.5	-3.5	-8	-2.7	-1.8	-2.6	-2.6	-10	-10	-7
Share of associates profits	0	0.1	0.0	0.0	0.1	0	0.0	0.0	0.0	0.0	0	0	0
<b>EBIT</b>	<b>124</b>	<b>21.3</b>	<b>25.8</b>	<b>31.0</b>	<b>24.5</b>	<b>103</b>	<b>33.3</b>	<b>30.1</b>	<b>27.9</b>	<b>24.0</b>	<b>115</b>	<b>112</b>	<b>109</b>
<b>Comparable EBIT</b>	<b>125</b>	<b>22.7</b>	<b>25.5</b>	<b>31.0</b>	<b>25.6</b>	<b>105</b>	<b>33.9</b>	<b>30.8</b>	<b>27.9</b>	<b>24.0</b>	<b>117</b>	<b>112</b>	<b>109</b>
Taxes	-25	-3.9	-5.6	-7.1	-4.7	-21	-6.0	-6.0	-5.6	-4.8	-22	-22	-22
<b>Net profit</b>	<b>98</b>	<b>17.4</b>	<b>20.2</b>	<b>23.9</b>	<b>19.8</b>	<b>81</b>	<b>27.3</b>	<b>24.1</b>	<b>22.3</b>	<b>19.2</b>	<b>93</b>	<b>89</b>	<b>87</b>
<b>EPS (adjusted)</b>	<b>1.38</b>	<b>0.26</b>	<b>0.27</b>	<b>0.33</b>	<b>0.29</b>	<b>1.15</b>	<b>0.38</b>	<b>0.34</b>	<b>0.31</b>	<b>0.26</b>	<b>1.29</b>	<b>1.22</b>	<b>1.19</b>
<b>Key figures</b>	<b>2022</b>	<b>Q1'23</b>	<b>Q2'23</b>	<b>Q3'23e</b>	<b>Q4'23</b>	<b>2023</b>	<b>Q1'24e</b>	<b>Q2'24e</b>	<b>Q3'24e</b>	<b>Q4'24e</b>	<b>2024e</b>	<b>2025e</b>	<b>2026e</b>
<b>Growth in comparable profits</b>	15 %	-11,6 %	-26,4 %	2,5 %	28,0 %	-5 %	11,5 %	11,2 %	0,6 %	-1,2 %	5 %	1 %	0 %
<b>Comparable cost/income ratio</b>	55.5 %	66.0 %	61.2 %	54.9 %	60.9 %	60.7 %	52.8 %	57.5 %	59.1 %	63.9 %	58.2 %	60.0 %	61.7 %
<b>AUM</b>	13 540	13 839	13 755	13 345	13 657	13 657	14 080	14 108	14 208	14 358	14 358	14 858	15 308

Source: Inderes

# Balance sheet

Assets	2022	2023	2024e	2025e	2026e	2027e
Receivables from the Bank of Finland and credit institutions	65	1193	698	925	946	968
Receivables from the public and public corporations	7486	7792	7866	7831	8013	8199
Cash assets	733	166	92	69	71	72
Investments related to unit-linked insurance	1154	1002	1134	1262	1292	1322
Intangible assets	174	166	168	165	164	162
Other assets	2041	2094	2080	2144	2194	2245
<b>Total assets</b>	<b>11653</b>	<b>12412</b>	<b>12038</b>	<b>12397</b>	<b>12679</b>	<b>12969</b>

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
<b>Total liabilities</b>	<b>10915</b>	<b>11772</b>	<b>11333</b>	<b>11654</b>	<b>11908</b>
Liabilities to the public and public corporations	4503	5214	4564	4491	4596
Liabilities to central banks and credit institutions	923	832	308	156	142
Other financial liabilities	3730	3862	4480	4948	5063
Insurance liability	1568	1420	1529	1633	1671
Other liabilities	190	445	452	427	437
Restricted equity	176	120	131	127	127
Unrestricted equity	503	461	515	555	584
Non-controlling interests	60	60	60	60	60
<b>Total equity</b>	<b>738</b>	<b>640</b>	<b>705</b>	<b>742</b>	<b>771</b>
<b>Total liabilities and equity</b>	<b>11653</b>	<b>12412</b>	<b>12038</b>	<b>12397</b>	<b>12679</b>

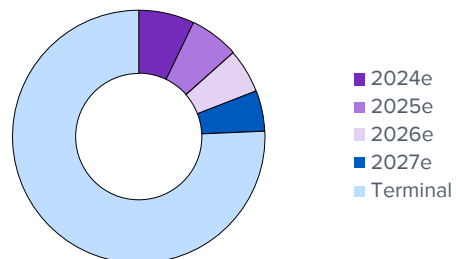
# DDM calculation

DDM valuation (MEUR)	2023	2024e	2025e	2026e	2027e	Terminal
<b>Net result</b>	<b>81.3</b>	<b>92.9</b>	<b>89.4</b>	<b>87.4</b>	<b>87.7</b>	
<i>Net result growth-%</i>	-17.3 %	14.3 %	-3.7 %	-2.3 %	0.5 %	2.0 %
<b>Dividend</b>	<b>50.9</b>	<b>60.4</b>	<b>58.1</b>	<b>56.8</b>	<b>57.0</b>	<b>829</b>
<i>Payout ratio</i>	63 %	65 %	65 %	65 %	65 %	
Common Equity Tier 1 (CET1)	386	433	464	495	527	
RWA	3411	3384	3461	3540	3610	
CET1-%	11.3 %	12.8 %	13.4 %	14.0 %	14.6 %	
Discounted dividend		58.3	51.5	46.1	42.5	617
Discounted cumulative dividend		815	757	706	660	617
Equity value, DDM		815				
<b>Per share</b>		<b>11.3</b>				

## Cost of capital

Risk-free interest rate	1.5 %
Market risk premium	4.8 %
Company Beta	0.9
Liquidity premium	3.2 %
<b>Cost of capital</b>	<b>9.0 %</b>

Cash flow breakdown by period



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Buy The 12-month risk-adjusted expected shareholder return of the share is very attractive

Accumulate The 12-month risk-adjusted expected shareholder return of the share is attractive

Reduce The 12-month risk-adjusted expected shareholder return of the share is weak

Sell The 12-month risk-adjusted expected shareholder return of the share is very weak

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## Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
11/28/2018	Reduce	9.40 €	9.58 €
2/15/2019	Reduce	9.40 €	9.43 €
5/5/2019	Reduce	8.60 €	8.52 €
8/2/2019	Reduce	8.60 €	8.69 €
10/31/2019	Accumulate	9.20 €	8.80 €
2/11/2020	Accumulate	11.00 €	10.48 €
2/17/2020	Accumulate	12.00 €	11.56 €
3/19/2020	Accumulate	7.50 €	7.00 €
5/6/2020	Buy	9.00 €	7.43 €
7/20/2020	Accumulate	9.70 €	9.00 €
8/5/2020	Accumulate	9.70 €	8.89 €
11/4/2020	Buy	10.00 €	9.17 €
12/23/2020	Accumulate	10.00 €	9.45 €
2/19/2021	Reduce	10.00 €	9.69 €
3/11/2021	Buy	11.00 €	9.36 €
5/6/2021	Buy	13.00 €	10.36 €
8/6/2021	Buy	14.00 €	12.80 €
9/9/2021	Buy	14.00 €	12.34 €
9/27/2021	Buy	14.00 €	11.90 €
11/5/2021	Buy	14.00 €	12.54 €
2/17/2022	Accumulate	12.00 €	11.16 €
5/9/2022	Accumulate	10.50 €	9.46 €
5/12/2022	Buy	10.50 €	9.03 €
5/30/2022	Accumulate	10.50 €	9.85 €
7/18/2022	Accumulate	9.50 €	8.73 €
8/8/2022	Buy	11.00 €	9.90 €
10/28/2022	Buy	11.00 €	10.14 €
11/7/2022	Accumulate	11.00 €	9.89 €
2/20/2023	Accumulate	11.00 €	10.24 €
5/12/2023	Accumulate	10.50 €	9.62 €
8/10/2023	Accumulate	10.50 €	9.40 €
11/10/2023	Accumulate	10.50 €	9.09 €
2/9/2024	Accumulate	10.50 €	9.08 €
5/2/2024	Accumulate	10.50 €	9.56 €
8/5/2024	Accumulate	10.50 €	9.41 €



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