Market data

EPIC/TKR	Private
Price (p)	n/a

Description

B-North is being developed to serve the huge UK SME lending market. It has state-of-the-art technology, a regional hub model, and experienced managers to deliver a best-in-class service to SMEs and commercial brokers. It will be funded through best-buy retail deposit comparison websites. The model should have a material cost advantage over competitors, and credit risk is being tightly managed.

Company information

CEO	Jonathan Thompson
CFO	David Broadbent
Chairman	Ron Emerson CBE

Contact: investor@b-north.co.uk
Website: b-north.co.uk

Key shareholders

Directors/management	£1.5m+
Greater Manchester Combined Authority	Six-figure sum
HNWI	Balance

Diary

3Q'20	Capital raise (tbc)
3Q'20	Banking licence (tbc)
3Q'20	Start lending (tbc)
1H'21	Start retail deposit-taking

The seed round top-up capital raise of £2m was oversubscribed (£2.7m raised). The group now targets raising equity in 3Q'20 from institutional investors, conditional on getting its banking licence. We understand that indicative terms on a secured debt line have been received, indicating lenders' confidence in the B-North model.

Analyst

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B-NORTH

Bridge over troubled waters

In this note, we review B-North's core competitive advantages. We consider how the COVID-19 crisis has i) affected the competitive environment, if anything improving the long-term outlook, ii) affected operational issues for B-North, and iii) had an impact on the timing of the banking licence process. We believe both lending and deposit spreads will be wider, incumbents will be internally focused and customer demand higher. Unlike incumbents, B-North is not facing back-book impairment or management issues. The raising of further equity is the key next step and is likely to reflect the improved outlook.

- **Opportunity improved:** We believe increased customer demand, a limited bank appetite to lend and increased risk are all likely to see spreads widen. B-North faces better volume opportunities and wider pricing, without the incumbent profitability drags of lower deposit pricing and back-book impairments.

- **Capital raise:** B-North intends to raise equity: £20m required initially for its banking licence, a process we understand is close to completion, and infrastructure, with further amounts to fund growth. In terms of timing, it may raise these funds in a single round or as an initial issue followed by another later in the year.

- **Valuation:** Given the growth profile of the company and associated uncertainties, any valuation must be treated with extreme caution. In our initiation report, we gave a range of approaches and sensitivities. Updating these for recent market moves still indicates a market value around three times the equity raised.

- **Risks:** Credit risk is key for any bank. B-North will establish independent credit functions, and its technology brings it close to customers interfacing with their internal information. It has multiple options to address any loan growth shortfall. The economic cycle is important. The model is yet to be tested, and capital raised.

- **Investment summary:** B-North is still at the pre-revenue stage. Its model should be low-cost and deliver a superior service to customers and intermediaries. It has a conservative credit culture, and uses state-of-the-art technology, written from scratch, to originate, service and manage its business. Funding will be via the deep best-buy retail deposit comparison sites. The potential market is huge, profitable and the opportunity improving. Options to extend the time to a material capital raise have short-term consequences, but do not change the fundamental model.

Financial summary and valuation – eight-pod scenario

Year-end Sep (£m)	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Net interest income	0.0	0.3	2.9	14.9	37.4	72.6	116.4	161.5	204.8
Costs	-2.9	-5.6	-19.0	-28.3	-36.0	-41.3	-45.5	-47.8	-52.0
Impairments	0.0	0.0	-0.1	-1.4	-3.6	-7.5	-8.9	-10.1	-10.7
Pre-tax profit	-2.9	-5.3	-16.1	-14.2	-1.0	25.8	64.9	107.3	146.6
Net interest margin	n/m	0.8%	2.9%	4.4%	4.1%	4.2%	4.2%	4.3%	4.3%
Cost:income ratio	n/m	n/m	n/m	n/m	-93%	-55%	-38%	-29%	-25%
RoE	n/m	-12%	-17%	-13%	-1%	11%	20%	21%	22%
Loans	0	10	80	470	1,100	1,925	2,850	3,700	4,550
Deposits	0	0	12	329	770	1,424	2,098	2,745	3,393
Equity	1	72	84	98	147	218	321	451	561
Val. at 10x P/E*	n/m	n/m	n/m	n/m	n/m	209	526	807	1,094
Val. vs. equity issued	n/m	n/m	n/m	n/m	n/m	0.9	1.9	2.5	3.3

**Investors should consider the range of valuations detailed in our initiation report*
Source: Hardman & Co Research

Summary of the investment case

B-North: disruptor of huge, profitable and poorly served SME lending market with near unique proposition. Our review of management base case concludes it is stretching but credible, bearing in mind incumbent and challenger competition.

B-North will disrupt the huge and profitable UK SME lending market by i) using its FinTech-enabled lending platform to deliver a significantly better service than large incumbents, ii) delivering a unique economic proposition that supports a large, fast-growing and fragmented broker channel, and iii) having experienced bankers in empowered, regional hubs. We have tested base-case scenarios and found them credible, with the key driver, volume growth, representing a target 2.5% market share by 2027. B-North is targeting a huge market (SME loans of ca.£150bn, overdrafts of ca.£10bn and asset finance of £15bn-£20bn), where, in its chosen niches, the partial withdrawal by mainstream banks has further improved pricing. As we discussed in our initiation report, there is limited competition from incumbents or other challenger banks, and B-North has validated its proposition with actual broker deals.

B-North is different, with i) state-of-the-art IT, ii) empowered regional pods, staffed by experienced lenders, iii) strong corporate governance, iv) diversified funding, v) low cost, and vi) manager alignment with shareholders

B-North's approach is different. The key advantages are:

- IT built from scratch to directly meet customer needs. Its systems will also integrate with both borrowers and, critically, and nearly uniquely, commercial finance brokers, who are expected to account for ca.70% of new business.
- Empowered regional pods, offering flexible terms, to deliver superior service.
- Strong corporate governance, with an experienced, proactive and independent board, clearly defined risk responsibilities and a regulator challenging the business model in detail for its robustness.
- Retail deposits (from 1H'21) are flexible, cheap, sticky and diverse. The sums that B-North is looking to raise from best-buy table comparison websites are modest.
- Low-cost model, with significant automation of processes, limited infrastructure, state-of-the-art technology and appropriate outsourcing.
- The managers' and shareholders' interests are aligned, with a £1.5m+ investment upfront and founder shares that vest only on achieving value-enhancing targets.

Neutral issues

In the *Investment neutrals* section in our initiation report, we detailed i) how B-North differs from recent IPO/Metro Bank disappointments, ii) how it uses experienced people in a well-established market, iii) the opportunities/threats from an economic downturn, iv) liquidity and interest rate management, and v) employee engagement.

Credit is key, and B-North appears to have right processes in place to assess, manage and collect

Other risks include macroeconomic downturn, cyber risk and failure to raise capital

We devoted an extensive section to credit risk in our initiation report (pages 30-36). In summary, we believe B-North's approach is conservative. We note that it is below-average risk, given i) a conservative culture, ii) an experienced team, iii) security, iv) state-of-the-art analytics, and v) live interface with customer management information. Uncertain factors include i) IFRS9, ii) the fact that the systems are untested, and iii) the company's forbearance approach. B-North could face above-average risk from i) de-centralising decision-making (but it has put in place processes to mitigate this), ii) physical distance from the customer (albeit less than most challenger banks), iii) adverse selection, iv) late-in-cycle lending, and v) some higher-risk products. Management has a range of options to address disappointing loan growth. Other risks include i) a macroeconomic downturn (offsets from volume and pricing opportunities, and B-North has no back book), ii) cyber risk, and iii) failure to raise capital.

Financial section reviewed base case, as well as multiple scenarios

In the financials section of our initiation report (pages 42-47), we detailed our assumptions, and the resulting profit & loss and balance sheet based on an eight-pod rollout by 2027. We also highlighted a range of scenarios and management options if loan growth were to disappoint.

What has changed with COVID-19?

Competitive environment

All competitors

We see reduced competition from all lenders, as i) their appetite to lend is less, ii) confidence in security valuations is lower, iii) operational capacity will focus on collections, and iv) especially for non-banks, securing funding may be more challenging

There are some themes that run through all competitors. The macroeconomic uncertainty has led to:

- Less appetite to lend, as the borrowers' cashflows are uncertain.
- Security valuations are much less robust, as there are few buyers in the market. In normal market conditions, we believe a forced sale is likely to be around 70% of an open market valuation, reflecting less investment in/maintenance of the asset, a willing seller, and an imbalance in supply and demand. However, in current markets, we believe there may be an even greater discount, given the increased imbalance between buyers (if any) and sellers. We also understand, from banking sources, that external valuers have been much more hesitant to provide valuations, given market uncertainty and their professional liability risk.
- Operational capacity is likely to see a greater focus on back-book collections than new business origination.
- For non-banks, securing finance to fund lending becomes increasingly important.

On the flipside, government action, including loan guarantees and new liquidity lines, should help the market in the short term.

Mainstream banks

The core to B-North's model is taking share from the mainstream banks. There are a number of COVID-19-related issues that are likely to see competition from these companies – subdued not only over the short term but potentially for several years.

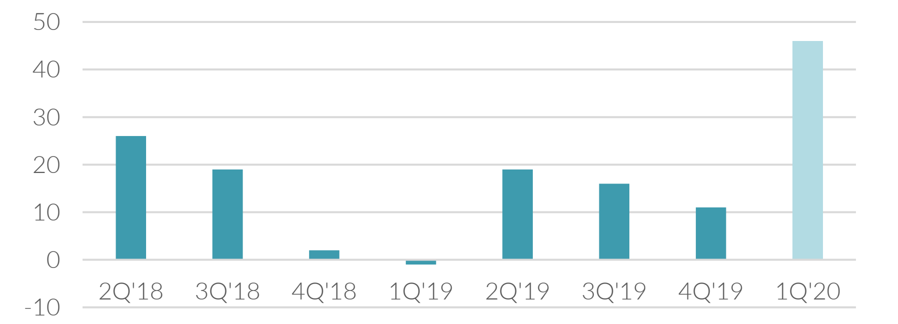
Valuations uncertain and less robust

Mainstream banks face all the issues around valuations. We note, by way of example, that, in the first weeks of the crisis, all higher-LTV mortgages were withdrawn.

More focus on back book than new business – affects credit impairments, and so capital

Mainstream banks have back-book issues to consider. Their capital bases will be affected by higher provisions. By way of example, we note that Lloyds' commercial banking division saw charges rise from £1m in 1Q'19 to £332m in 1Q'20 (including a £280m COVID-19 impact). The chart below shows the quarterly trend at Barclays in its business banking division.

Barclays' business banking impairments (£m)



Source: Barclays' 1Q'20 results announcement

Capacity constraints

Additionally, staff will spend a greater proportion of time collecting debts, rather than focusing on new facilities. As banks seek to manage costs against higher impairments, this operational capacity issue could get exaggerated.

Risk appetite

In uncertain times, we believe bank risk appetite will be low. This is likely to be of greatest impact on the higher-risk assets – due to their risk profile but also to the consequent regulatory capital requirements. Typically, real estate-backed lending has been an area that has seen an above-average reduction in appetite.

Risk limits filled

One aspect of the government support is that banks will be lending to a range of sectors with government guarantees. This will "fill" sector limits reasonably quickly, meaning that new propositions may face constraints that are nothing to do with the proposition itself, but rather with bank internal limits. In previous downturns, we believe this has seen an impact on real estate lending.

Reputation

It is unclear what incremental damage has been/will be done to bank brands through the crisis. There has already been significant adverse press commentary on how they have implemented the government guarantee scheme, and this may have an impact on borrowers' willingness to borrow from them.

Deposit rate floors hit

We note that bank profitability will be reduced by lower base rates, meaning that even more deposits will hit their rate floors. If you were paying 25bps for an instant access account before the base rate was cut by 60bps, you could not pass on the whole rate cut. This, and higher risk, are likely to see pressure to widen lending spreads further.

Challenger banks

Challenger banks face same issues, even though their back books are smaller

The extreme share price volatility for a number of challenger banks shows the market's perception of their vulnerability to the crisis. By way of example:

- One Savings Bank fell from 440p on 19 February to 190p on 2 April before recovering to its current 264p.
- Virgin Money fell from 191p on 12 February to 54p on 1 April before recovering to its current 99p.
- Secure Trust Bank fell from 1,560p on 20 February to 735p on 24 March with a lower recovery to its current 770p.

These banks face similar issues to the mainstream banks in terms of managing back books, and the operational capacity constraints this imposes, in addition to the reliance on, and reliability of, valuations in the short term.

Debt Investment Companies (DICs)

DICs focusing on own solvency in near term

We note that a number of DICs have focused on preserving their own liquidity. By way of example:

- Real Estate Credit Investments' (RECI) end-March 2020 factsheet commented "RECI highlighted a number of deals that were in the pipeline and due to be closed in March. Given the recent economic conditions and uncertain outlook, RECI has chosen not to proceed with any of these deals at this time."
- With Volta Finance's interim results announcement, released on 30 April, its Chairman commented "What matters, I believe, are two things: that you remain as diversified as possible and, most importantly, that you prioritise solvency above all other factors. This crisis will pass with time, even if we do not know

exactly when. By remaining solvent through the crisis, it should be possible to generate outsized returns in due course on the other side."

We believe these companies will be active competitors for part of B-North's market in due course, but near-term competition is likely to have eased from them too.

Getting funding an issue for non-bank lenders

Other non-bank lenders

We believe the main issue for non-bank lenders will be their own liquidity. Getting finance themselves is likely to be problematic and, for those who have not match-funded their existing books, rolling over existing facilities may be an issue. This is on top of managing any back-book problems as they emerge.

Customer demand

At the time of writing, and noting all the government support, it appears probable that the overall financing need of SMEs will be higher post crisis than before. By way of example, we note the following comments from RBS in its 1Q'20 IMS.

In the first three weeks of April, RBS agreed/made £6.5bn of corporate lending. We forecast B-North's book in 2027 at £4.5bn. Small gains from market leaders provide huge opportunities for B-North.

"Between 31 March 2020 and 23 April 2020

- Since the inception of the Coronavirus Business Interruption Loan Scheme (CBILS), £1,376 million loans have been approved.
- RBS has facilitated £3,105 million of Covid-19 Corporate Financing Facilities (CCFF) issuances by the Bank of England on behalf of our customers.
- Support under the Coronavirus Large Business Interruption Loan Scheme (CLBILS) has commenced and as at 23 April 2020, £29 million of loans had been requested.
- Commercial Banking has provided gross new lending of £2,015 million to support our customers, including £501 million to Large Corporates & Institutions, £420 million to SMEs & Mid Corporates and £623 million to Real Estate.
- Utilisations of RCFs in Commercial Banking have stabilised at around 40% of committed facilities following the increased drawdowns in Q1 2020."

Even excluding the revolving credit utilisation, it appears that RBS in three weeks has made ca.£6.5bn of total loans. We had in our base forecast that B-North's book would be £4.5bn by end-2027.

We believe that increased customer demand, a limited appetite to lend, lower profitability on deposits, and increased risk are all likely to see spreads widen. B-North thus faces both better volume opportunities and wider pricing without having the drags of lower deposit pricing and back-book impairments.

Operational issues for B-North

Business as usual elements

Modern technology means day-to-day operations little affected

Some elements of B-North's business have seen minimal disruption. These include:

- Being a cloud-based business, B-North has been able to seamlessly transition into the present remote working environment, with a negligible impact on productivity.

► The banking licence process is nearing completion. B-North submitted its licence application in September 2019, a step that over two thirds of applicants fail to reach. We understand that the process continues to progress smoothly, and B-North is confident that the UK Regulator will be minded to approve its application (subject to capital raising) in the coming weeks.

► Systems development and integration are progressing at pace – B-North's partnership with Mambu and nCino on a seamless integration of their core banking and loan origination systems continues to "flourish" and the go-to-market release of the lending platform is ready for final testing and deployment.

Aspects deferred

Some front-line lenders will not be hired until there is greater visibility on when lending will start

The capital and cash already raised by B-North is now being managed to last longer. Management believes current initiatives will see the cash last until 4Q'20, with some additional options to extend this further. We believe that a number of front-line staff have been recruited but that formal employment will be delayed until the banking licence is granted. We have reduced our FY'20 costs (and losses) to reflect this.

Not facing same COVID-19 challenges as competitors

B-North does not face the challenges of competitors

Taking each of the issues that are facing competitors in turn:

► Subject to getting equity financing, B-North's fundamental appetite to lend is unchanged. It will not be tainted by managing losses on a back book.

► B-North's model has had significant input from employed valuers based in the pods when making valuations. This is not risk-free, as we outlined in our initiation report, but it does mean that there is more management control of the valuation process.

► Operational capacity can still be focused on new business, as there is no back book requiring collection activity.

► Subject to raising the equity and getting the banking licence, B-North has options for a secured-debt facility to cover initial lending. The best-buy comparison website deposit market is, we believe, unlikely to be materially affected. Our understanding from market participants is that depositors often already split their deposits (driven by Financial Services Compensation Scheme – FSCS – limits), and this is unlikely to change. Lower base rates mean the funding cost is likely to be marginally lower and, as noted above, lending spreads are likely to widen.

Equity raise prospects enhanced

B-North faces improved lending spreads, less deposit competition, competitors internally focused without cost of historical impairments. May make equity raise less challenging.

As the crisis has evolved and there is increasing clarity on potential treatments/drugs and continuing support, we believe investors are more likely to focus on how B-North's competitive position, as outlined earlier, has improved. Other banks will face back-book management and valuation issues meaning they will be less focused on new business. Despite being a bank, B-North has an element of counter-cyclicality as, in a recession, peers will have to focus more internally and the competitive environment for savings is likely to be easier. Lending spreads will widen but, critically, it does not incur losses on historical lending. Overall, the probability has increased that B-North's stretching targets will be met, and the resulting value will be created. We also note the share price recovery from troughs in the comparator banks.

Enhanced equity raise prospects may facilitate single, larger equity raise upfront

In terms of timing, there is an initial need to raise £20m to secure the banking licence, build out infrastructure and support debt facilities. B-North will then enter a mobilisation period before deposits come on stream (maximum 12 months but expected to be more like 6-9 months). The bank will commence lending during this period from the first Regional Pod in Manchester. A further £30m-£50m equity is required to roll out the next three Regional Pods over the following 12 months, by which stage the first Pod should be profitable. We see some attractions in doing a single larger raise upfront, as it gives the business the certainty of having the capital it needs for up to the next two years and the enhanced market position may facilitate such an option.

Investor returns

What return will investors get for money?

Base case: market cap = ca.3x equity invested, with early investors getting above-average return

In summary, on our base-case assumptions, the market capitalisation could be ca.3x the capital raised, and we would expect early investors to get an above-average return. Again, we have to emphasise to investors that a number of scenarios should be considered – not just one. The detail is in our initiation report (pages 47-51), where we provided investors with a detailed range of valuation methodologies.

Given uncertainties, investors should consider multiple valuation approaches and not rely on single number. On our base- case earnings and applying only average multiples, 2027 valuations imply value ca.3x total capital raised. Early investors may expect to see higher returns commensurate with their greater risk (investors in this round offered 20% discount on next round).

After the recent market turmoil, and despite the recent recovery, the closest quoted peers are currently trading around 30% lower than in our initiation report, and on an average historical P/E of ca.7.0x and 1.1x price/book value (P/BV). Unquoted peers' valuations are intermittent, and more historical but, *prima facie*, are at much higher multiples of prospective returns (some remain significantly loss-making). Applying a multiple of 9 (75% of our initiation value) to our 2027 forecasts indicates a valuation of ca. £1bn, 3.0x the equity raised. A Gordon Growth Model (GGM), on our assumptions, would suggest a P/BV of 2.2x or a 2027 valuation of £1.2bn (3.7x equity raised). In our dividend discount valuation model (DDM), we assume a modest initial payout ratio in 2027 (30%), before rising to 66% for most of the 20-year model. With growth fading to 5% p.a. by 2031, and discounting the implied dividends at an 11% cost of capital and with a 9x terminal value, implies a valuation of £908m (2.8x equity issued). The fall on the previous valuation is relatively modest, as only the terminal value is rating- sensitive. We would expect the initial equity investors, who take more risk, to be rewarded by above-average returns (noting that there has already been £7m of seed capital raised over the past 18 months).

Scenario analysis critical

In terms of scenario analysis, there is a wide variance between valuation methodologies, and other assumptions can also be hugely important. These include:

- Time (see below): the rapid profit growth sees a rapid escalation in value using earnings or dividend models.
- Multiple: it may be argued that a business where investors are confident of growth would attract a higher earnings rating. Applying a multiple of 13 to our 2027 earnings sees the value rise from £985m to £1,423m.
- Number of pods: a four-pod model and a multiple of 9 to 2027 earnings (lower growth seeing a lower multiple than the base case) sees a valuation of £522m, (still2.8x the equity issued for that scenario).
- A delay of one year in the model sees the 2027 valuation drop by ca.20%, still leaving the market value at 2.5x the equity raised. We believe the cost of the action that management would take to mitigate slower loan growth is ca.£10m post-tax per year, less than half the value lost from slower growth.

P/E-based valuation

Valuation based off range of P/Es and eight-pod model

Year-end Sep (£m)	2024E	2025E	2026E	2027E	2027 as multiple equity issued
Value at 7x P/E	146	368	565	766	2.3
Value at 9x P/E	188	473	727	985	3.0
Value at 11x P/E	230	578	888	1,204	3.7
Value at 13x P/E	272	683	1,050	1,423	4.3

Source: Hardman & Co Research

It must be recognised that B-North is still in its pre-revenue stage and, until equity is raised and the business model delivers the expected returns, there is the risk of failure, and so zero returns to shareholders. We have outlined above what we believe B-North's options are, and how they could sustain the business until such time as an equity raise is probable. This may, of course, be only a few months, and the sharp market recoveries since their troughs imply that the market's confidence in any recovery has improved.

When will investors get it?

We highlight some of the considerations below.

Enhanced market position could see an earlier-than-expected public raise

- In our previous notes, we commented that we did not expect a market placing before end-2023, and more likely to be mid-late 2024 as we were looking for an established track record of proven profitability pre-IPO. However, the enhanced market position may have created the opportunity for a larger initial capital raise, which could be either in the private or public markets. There is thus the potential for an earlier-than-expected liquidity event.

Could be shorter if there were trade/PE buyer. Exit could be accelerated if B-North slowed expansion rate of its pods, and so reached profitability earlier.

- Additional liquidity event in the first three years, could come from a trade buyer, or potentially a private equity (PE) exit. The former has regulatory capital implications, which may encourage an early buyer. The investment in B-North would be a deduction from capital – a much higher burden than a weighted risk asset. By acquiring early, there is less invested capital, and new loans can be recorded in the parent bank, where they attract only the lower-risk weighting. The most likely acquirer would, in our view, be a bank with other products, wishing to effectively enter the lending market, but we would not rule out PE interest once the model is established.

We see trade buyer, PE and IPO as potential exits on three- to five-year view

- Over medium-term return (three to five years) there are a range of exit options. These include a trade sale, an IPO (the group profitability will be much more visible, and there will be more proof of concept), and a PE buyer (more visibility on cash generation).

Could be longer if market conditions (both business and financial market) are adverse. Could also be longer if business progressing so well that management expands to greater degree than currently expected.

- A long-term return (five-plus years) could happen for a range of scenarios. On the downside, like any bank, there is sensitivity to credit, and an unexpectedly challenging credit environment may mean trade/PE buyers would be less likely. In our initiation report, we detailed the range of tools management has to mitigate disappointing loan growth, or a macroeconomic slowdown, but there is a risk that these factors could delay an exit. More positively, if there were an accelerated investment (so, for example, moving to a 12-pod model), profitability, and so an exit, could be deferred.

Financials

Compared with our initiation report, our current forecasts have lower 2020 losses (and lending), a higher loss in 2021, and there are minimal changes to our longer-term forecasts. We characterise the improving competitive advantage as giving greater confidence in achieving stretching targets, rather than seeing us raise those targets. Details of the assumptions and a wide range of sensitivities are given on pages 42 to 46 of our initiation report.

Profit & Loss – base-case, eight-pod scenario

Year-end Sep (£m)	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Interest receivable	0.0	0.3	3.4	20.0	56.0	107.6	169.8	233.0	293.4
Interest payable	0.0	0.0	-0.5	-5.0	-18.5	-35.0	-53.4	-71.5	-88.6
Net interest income	**0.0**	**0.3**	**2.9**	**14.9**	**37.4**	**72.6**	**116.4**	**161.5**	**204.8**
Fees and commissions	0.0	0.0	0.1	0.5	1.1	1.9	2.9	3.7	4.6
Operating income	**0.0**	**0.3**	**3.0**	**15.4**	**38.5**	**74.5**	**119.3**	**165.2**	**209.3**
Impairments	0.0	0.0	-0.1	-1.4	-3.6	-7.5	-8.9	-10.1	-10.7
Costs	-2.9	-5.6	-19.0	-28.3	-36.0	-41.3	-45.5	-47.8	-52.0
Pre-tax profit	**-2.9**	**-5.3**	**-16.1**	**-14.2**	**-1.0**	**25.8**	**64.9**	**107.3**	**146.6**
Tax	0.3	1.0	3.1	2.7	0.2	-4.9	-12.3	-26.6	-37.2
Post-tax profit	**-2.6**	**-4.3**	**-13.1**	**-11.5**	**-0.8**	**20.9**	**52.6**	**80.7**	**109.4**

Source: B-North September 2019 Report and Accounts, Hardman & Co Research

Balance sheet – base-case, eight-pod scenario

@30 Sep (£m)	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Intangibles	0	1	2	2	2	2	2	2	2
Fixed assets	0	1	2	2	2	2	2	2	2
Loans (over one year)	**0**	**8**	**64**	**376**	**880**	**1,540**	**2,280**	**2,960**	**3,640**
Total non-current assets	0	10	67	379	883	1,543	2,283	2,963	3,643
Trade and other receivables	0	1	4	8	12	16	20	24	28
Cash/central bank/loans to banks/debt sec.	1	61	50	72	167	292	431	559	687
Loans (under one year)	**0**	**2**	**16**	**94**	**220**	**385**	**570**	**740**	**910**
Total current assets	1	64	70	174	399	693	1,021	1,323	1,625
Total assets	**2**	**74**	**137**	**553**	**1,282**	**2,236**	**3,304**	**4,286**	**5,268**
Trade and other payables	0	1	4	8	12	16	20	24	28
Deposits (under one year)	**0**	**0**	**6**	**165**	**385**	**674**	**998**	**1,295**	**1,593**
Financial liabilities (short-term interbank lines)	0	1	37	93	303	528	816	1,016	1,237
Total current liabilities	0	1	47	266	700	1,218	1,833	2,335	2,857
Deposits (over one year)	**0**	**0**	**6**	**165**	**385**	**750**	**1,100**	**1,450**	**1,800**
Financial liabilities (Tier 2)	**0**	**0**	**0**	**25**	**50**	**50**	**50**	**50**	**50**
Total non-current liabilities	**0**	**0**	**6**	**190**	**435**	**800**	**1,150**	**1,500**	**1,850**
Net assets	**1**	**72.1**	**84.1**	**97.7**	**147.0**	**218.0**	**320.6**	**451.5**	**561.1**

Source: B-North September 2019 Report and Accounts, Hardman & Co Research

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