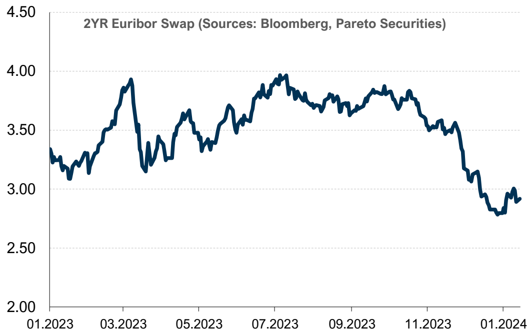
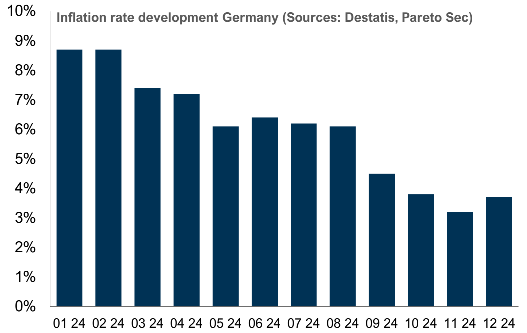
2024: some light at the end of the tunnel

Sector — **German Financials**

Taking into account current forecasts for the development of interest rates, inflation rates and economic growth we have looked at the impact on the companies under coverage. The key beneficiaries of an expected decline in interest rates among our coverage should be Deutsche Pfandbriefbank, Hypoport and Steico as they should benefit from a stabilization of real estate markets. ProCredit should be negatively impacted as lower interest rates should put some pressure on the development of net interest income. Our most favored stocks for the current year are Grenke (Buy, TP EUR 32) and Hypoport (Buy, TP EUR 205), Demire and Noratis are the least favored ones.





Lower inflation, lower interest rates and sluggish economic development as consensus view

Market consensus expects interest rates to decline in 2024, inflation to come down and the German economy to move sidewards. The development of interest rates is clearly linked to the development of inflation rates, without a further decline of inflation rates, rate cuts by the ECB are unrealistic, in our view. Hence, investors will continue focusing on the development of inflation rates. We do not expect the ECB to cut rates before July 2024 for the simple reason that they have been wrong when assessing the development of the inflation rate 24 months ago. Therefore, we expect the ECB to rather keep up the rates somewhat longer than being too soft on inflation a second time.

Real estate sector should stabilize

A decline in interest rates would be particularly positive for the real estate sector which had been hit hard by the sharp rise in interest over the last two years. However, we see only a stabilization as a realistic scenario for 2024, with a recovery to start during H2 2024 i.e. 2024 should be another challenging year for the sector but clearly not as bad as 2023. Banks with a large retail deposit base should be negatively impacted from a decline in interest rates and in general from a growing competition for retail deposits. The forecasted sluggish economic development is clearly not good news for the banking sector as it may lead to higher risk provisions.

Hypoport and Pfandbriefbank as main beneficiaries

Hypoport and Steico were particularly hit by a strong decline in mortgage loan volumes and lower construction activity, respectively. Mortgage rates have already declined from its multi-year highs and short-term rates are expected to decline during H2 2024. We expect such a development to help stabilize both mortgage finance volumes and construction activity – a real recovery is unlikely to happen before H2 2024 in our view, however.

Grenke and Hypoport as our top picks

Our top picks for the current year are Grenke (Buy, TP EUR 32) and Hypoport (Buy, TP EUR 205). We expect Grenke to be able to further increase earnings in 2024e and 2025e, driven by a higher net interest income which should benefit from a growing leasing portfolio. Hypoport should benefit from a stabilization of financing volumes and a gradual recovery during the course of the year as we expect transaction volumes in the German residential real estate market to stabilize due to the decline in interest rates. Demire (Hold, TP EUR 1.0) and Noratis (Hold, TP EUR 6.5) remain our least preferred shares which should both continue to suffer from the comparably high interest rates; for Demire the refinancing of its maturing bond remains the key issue in 2024.

Company name	Reco	Share Price	Target Price	Market Cap (m)	PER 2024e	PER 2025e
Demire	Hold	0.98	1.00	104	nm	10.4x
Dt Pfandbriefbank	Buy	5.64	9.00	758	7.7x	5.0x
Grenke	Buy	23.25	32.00	1,077	11.2x	9.2x
Hypoport	Buy	161.40	205.00	1,016	57.4x	34.7x
Merkur Privatbank	Buy	15.60	16.00	121	11.8x	10.7x
MLP	Buy	5.36	9.00	586	9.9x	9.4x
Multitude	Buy	4.78	5.20	104	6.3x	5.0x
Noratis	Hold	6.50	6.50	47	nm	9.3x
OVB	Buy	18.80	25.00	268	17.4x	15.2x
ProCredit	Buy	8.36	16.00	492	4.8x	4.7x
Smartbroker	Buy	9.08	11.00	142	31.5x	16.1x
Steico	Buy	31.25	40.00	440	19.1x	13.8x

Source: Pareto Securities

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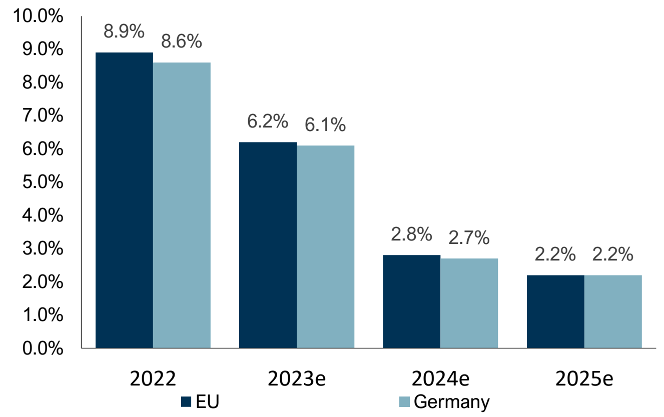
Market environment

Inflation development
Inflation rates in the Eurozone have come down during 2023. While the inflation rate amounted to 8.6% yoy in January 2023 it amounted to 2.4% yoy in November 2023. The core inflation has declined from 5.3% in January to 3.6% in November 2023. For 2024 market consensus expects an inflation rate of 2.7%, for 2025 a further decline to 2.2% is expected.

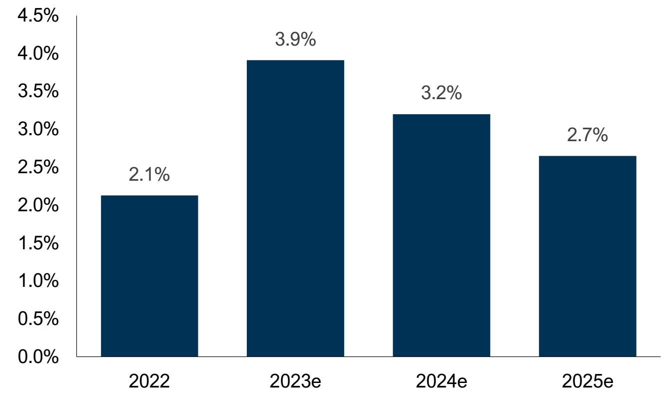
Interest rate expectations
The ECB has increased its interest rate on the marginal lending facility by 200 bps in total to 4.50% during 2023. Since September it has kept its interest rates stable. For the current year market expects the ECB to reduce interest rates. Market consensus expects the 3M Euribor to decline to 3.2% at the end of the current year.

Inflation rate development/expectations



Source: Pareto Securities, Bloomberg

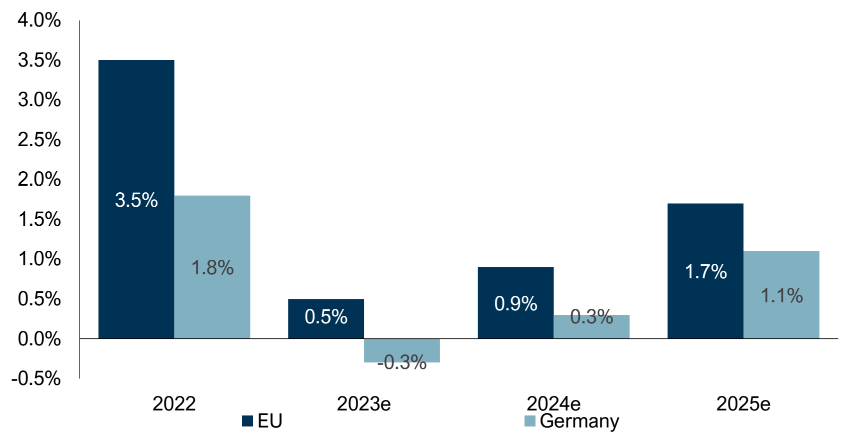
3M Euribor rate expectation (as of 16.1.2024)



Source: Pareto Securities, Bloomberg

GDP Growth forecasts
For the Eurozone GDP is forecasted to grow by 0.9% in 2024 (2025: 1.1%), for Germany a 0.3% growth is forecasted for 2024 (2025: 1.1%), i.e. Germany is expected to clearly lag behind the other EU countries. Following an calculated decline by 0.3% in 2023 the economic environment is thus expected to remain challenging in Germany in 2024. For 2025 the economy is expected to recover with 1.1% growth.

Real GDP growth development/expectation



Source: Pareto Securities, Bloomberg

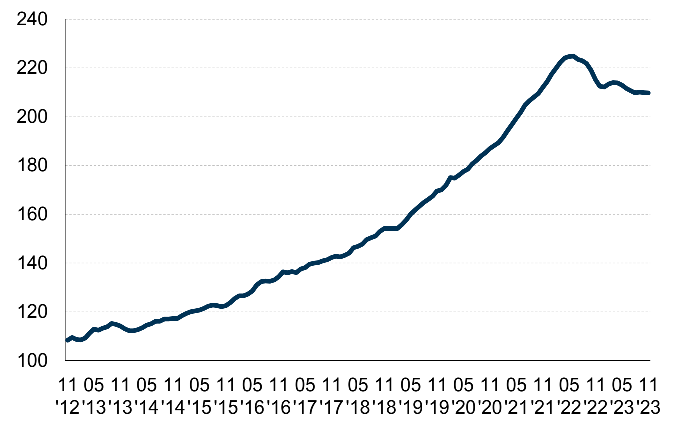
All in all, the economy in Germany should move rather sideways in the next two years. While the prospects of declining interest rates are clearly positive for the economy, we are skeptical whether the sharp rise in interest rates has already had its full effect on the economy.

In the following we first look at the impact from the expected economic development (almost no economic growth, continuous decline of the inflation towards 2% and first interest rate cuts by the ECB from July 2024 onwards) on the real estate/banking/financial services sectors and in a second step on the companies we cover.

Real estate sector

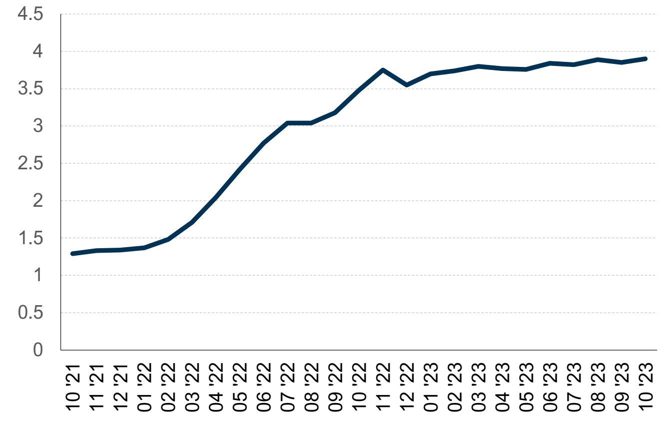
The real estate sector has been hit hard by the sharp rise in interest rates in 2023. This has led to a lower demand for properties, longer transaction periods and higher funding costs for the real estate companies. In Germany the real estate developers have been hit the hardest, which can be seen from the high number of insolvencies, the most prominent one having been the Austrian Signa group which led to insolvencies of its German subsidiaries. The holders of real estate assets have been hit as well, particularly if they were highly leveraged and had significant maturities in 2023. The situation was better for holders of residential real estate properties than those of commercial real estate properties as residential real estate properties were less impacted from external factors like e.g. office properties which are negatively impacted from higher work from home quotas which lead c.p. to lower demand for office space. Although prices for residential real estate properties fell on average by 10% during 2023 the overall demand remained high. Higher funding costs made housing, however, less affordable for the potential average buyer. The construction sector was also hit as construction activity fell due to the strong increase in construction costs which resulted from higher financing costs and the high inflation.

EPX hedonic house price index



Source: Pareto Securities, Europace

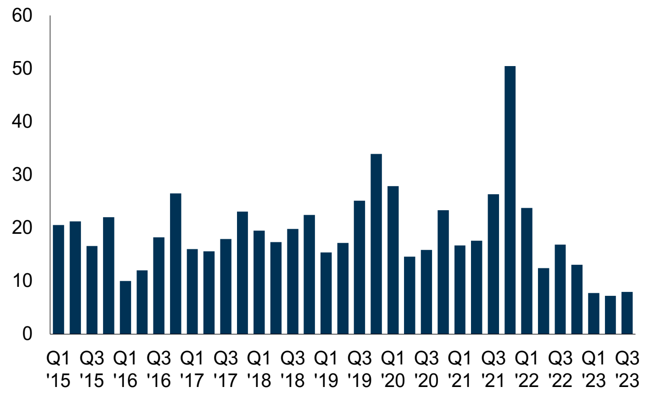
Mortgage loan rate (maturity >10 years)



Source: Pareto Securities, Deutsche Bundesbank

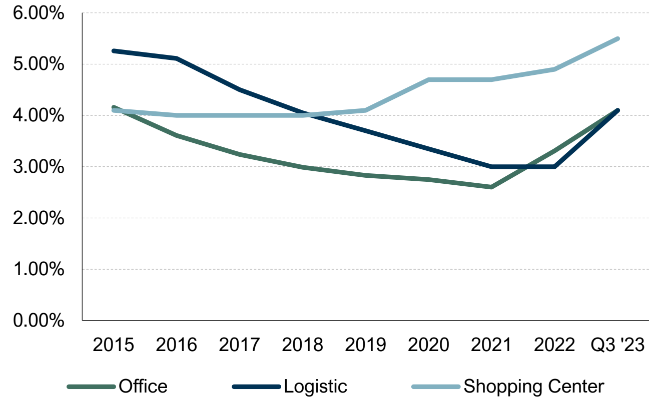
For the current year we expect the real estate sector to stabilize, mainly driven by the expected decline in interest rates. The effect should, however, not be the same for the different subsectors. We expect the construction sector to only slowly stabilize during the course of 2024. Lower interest rates and normalized inflation rates should make housing more affordable again but given the decline in new housing permits we see only a slow stabilization in 2024. Furthermore, the insolvencies of a number of project developers may slow down a possible recovery. Transaction volumes which have declined by 57% yoy to EUR 23bn (only commercial real estate), a multi-year low, in 2023, should start to recover in 2024. However, growth rates should be on a low level and not start accelerating before 2025.

Commercial real estate transaction volume Germany (EUR bn)



Source: Pareto Securities, JLL

Average yield development in A locations in Germany

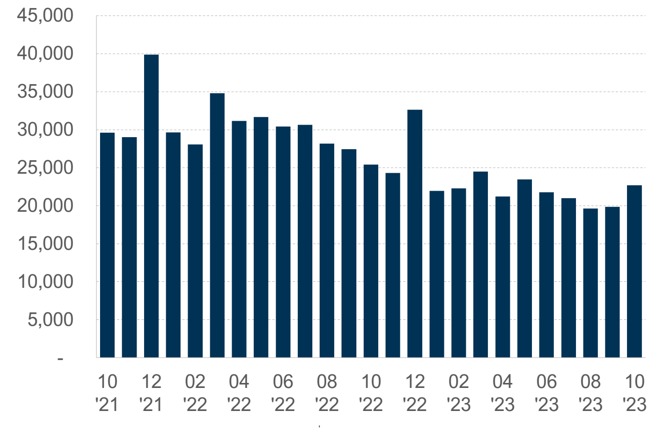


Source: Pareto Securities, BNP Real Estate

We expect house/apartment prices to bottom out in 2024 after a decline by around 10% yoy in 2023. On the one hand housing demand should remain high because of migration and the undersupply of new apartments during the last years (according to a study done by the Pestel Institute 800k apartments are missing in Germany), on the other hand the still elevated financing costs (compared to the average funding costs between 2011 and 2021) have made new houses/apartments less affordable for potential buyers. Potential buyers have reacted to the higher funding costs and are e.g. now looking for smaller apartments, have increased their equity portion or changed the location where they are looking for a new apartment/house. Therefore, we expect only a slight recovery of the housing market in 2024 which should also lead to only slightly increasing financing volumes.

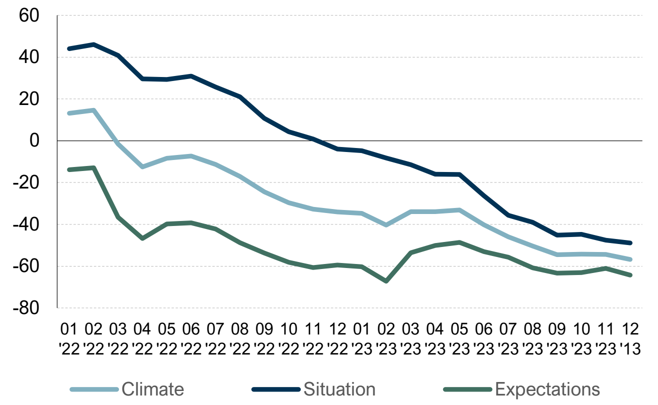
Holders of residential real estate properties should benefit from the expected decline in interest rates as it should make refinancing of maturing debt somewhat cheaper than in 2023. At the same time investors should become more interested again in real estate debt as yields on risk free bonds have already come down again and are with around 2% not attractive enough anymore for many investors. The stabilization of house prices should also ease investors' concern and make portfolio sales easier. For the commercial real estate sector, we are somewhat less optimistic as the office and retail properties should remain under pressure. We do not expect the work-from-home share to decline to pre-Corona levels and therefore we think it is likely that demand for office properties, particularly in B or C locations should remain subdued.

Development of apartment building permits in Germany



Source: Pareto Securities, Statista

Business situation of the German residential construction sector

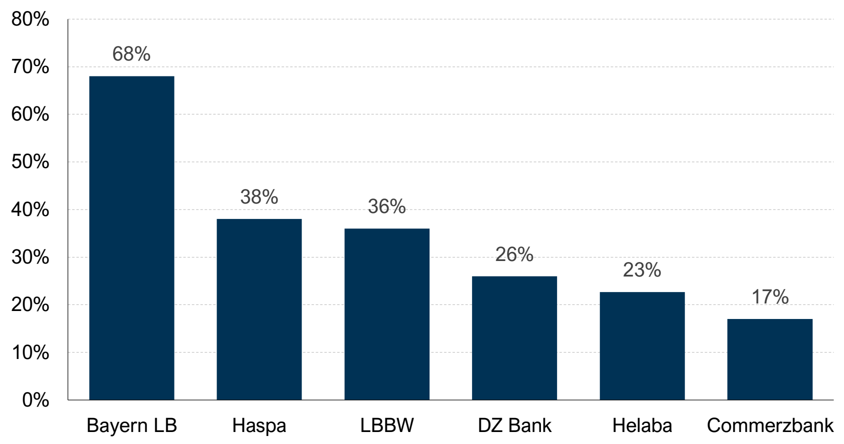


Source: Pareto Securities, ifo institute

Banking sector

Banks have mostly benefited from the higher rates as interest revenues have outgrown interest expenses as they have passed on the higher interest rates to their retail customers only with a time lag while more or less directly charging their loan customers higher rates. In general banks have benefited from the increase in interest rates over the last 18 months. Those banks with variable rates on its loan portfolios and sticky deposits that are not very interest rate sensitive have benefited most from the higher rates. Even if interest rates do not fall in 2024, we expect the banks' net interest income to come under pressure as we expect competition for deposits to increase i.e. banks have to increase deposit rates if they do not want to risk losing deposits. Declining interest rates would be clearly negative for those banks, that have high levels of retail deposits, unless it comes with a normalization of the yield curve, which we see, however, as unlikely as of today.

Development of net interest income yoy in H1 2023 of selected German banks



Source: Pareto Securities, companies

A weak economic development would be clearly bad news for the banks as well as it should lead to a higher number of corporate insolvencies which would result in higher risk provisions. Despite the sluggish economic development in 2023 risk provisions have remained on comparably low levels – this is unlikely to remain the case. Hence, 2024 should be a challenging year for banks as they should come under pressure not only from a declining net interest income but also from rising risk provisions. A decline in inflation rates should ease the cost pressure somewhat for banks; we expect the strong cost increases we have seen during 2023 to come to an end in 2024. This should be a supporting factor for the overall profitability, but the effect should be not strong enough to offset the effect from higher risk provisions and a declining net interest income.

Financial Services sector

As a vast range of companies with different business models can be categorized as financial service companies it is difficult to quantify the impact of lower interest rates/inflation and a weakening economy on these companies in general. For some companies like e.g. Hypoport the impact from lower interest rates should be positive, while the impact on others like MLP should be neutral if assuming a recovery of real estate markets. Other companies like Grenke should benefit from lower rates while at the same being negatively impacted from continued weak economic development which should lead c.p. to rising risk costs and lower demand for leasing. OVB, which has been particularly hit by the high inflation rates in CEE should benefit from declining inflation rates which should result c.p. in a normalization of the cost growth rates.

Company section

In the following we look at how the companies under coverage are impacted by the expected lower interest rates, the lower inflation rates and the sluggish economic development. Our coverage comprises mainly German Financials and Real Estate companies, Steico being a special case as a supplier for the housing industry.

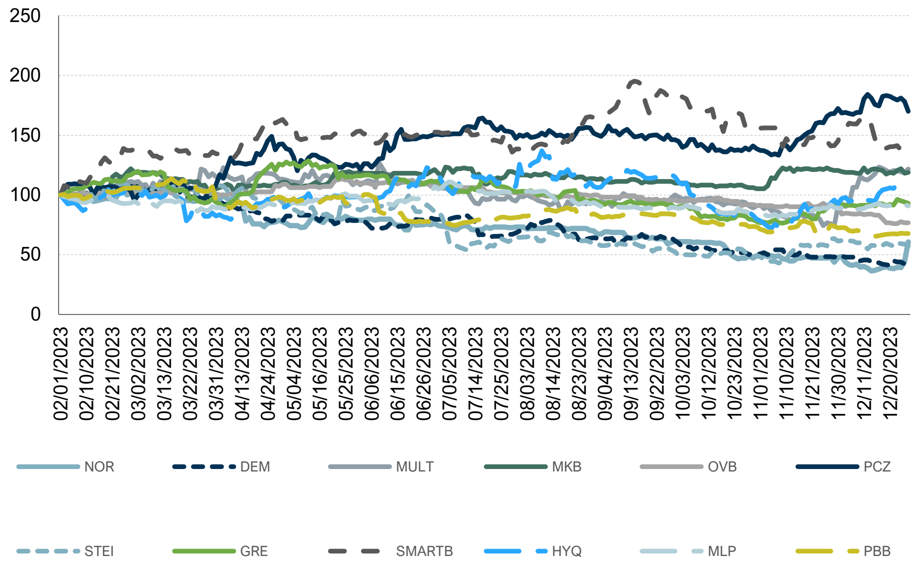
Coverage overview (all figures in EUR)

Company name	Reco	Share Price	Target Price	Market Cap (m)	PER 2024e	PER 2025e	P/B 2024e	P/B 2025e	ROE 2024e	ROE 2025	EV/EBIT 2024e	EV/EBIT 2025e	Div yield 2023e
Demire	Hold	0.98	1.00	104	nm	10.4x	nm	nm	nm	nm	16.0x	17.0x	0.0%
Dt Pfandbriefbank	Buy	5.64	9.00	758	7.7x	5.0x	0.2x	0.2x	3.2%	4.8%	nm	nm	3.7%
Grenke	Buy	23.25	32.00	1,077	11.2x	9.2x	0.8x	0.8x	8.3%	9.2%	nm	nm	2.4%
Hypoport	Buy	161.40	205.00	1,016	57.4x	34.7x	3.1x	2.8x	5.5%	8.5%	39.7x	26.0x	0.0%
Merkur Privatbank	Buy	15.60	16.00	121	11.8x	10.7x	1.0x	0.9x	8.4%	8.7%	nm	nm	2.8%
MLP	Buy	5.36	9.00	586	9.9x	9.4x	1.0x	1.0x	10.5%	10.6%	5.0x	4.8x	5.4%
Multitude	Buy	4.78	5.20	104	6.3x	5.0x	0.5x	0.5x	8.7%	10.4%	nm	nm	3.6%
Noratis	Hold	6.50	6.50	47	nm	9.3x	0.5x	0.5x	nm	nm	nm	nm	0.0%
OVB	Buy	18.80	25.00	268	17.4x	15.2x	2.8x	2.6x	16.2%	17.8%	7.6x	6.6x	4.8%
ProCredit	Buy	8.36	16.00	492	4.8x	4.7x	0.5x	0.4x	10.0%	9.5%	nm	nm	8.3%
Smartbroker	Buy	9.08	11.00	142	31.5x	16.1x	2.8x	2.4x	9.4%	16.1%	18.9x	9.2x	0.0%
Steico	Buy	31.25	40.00	440	19.1x	13.8x	1.5x	1.3x	7.8%	10.1%	15.5x	11.7x	1.2%

Sources: Pareto Securities

Among our coverage ProCredit has been the clear outperformer in 2023 with a share price increase by 70%, followed by Smartbroker (+35%) and Multitude (+22%). Demire (-59%) and Steico (-43%) were the underperformers within our coverage.

Share price performance 2023



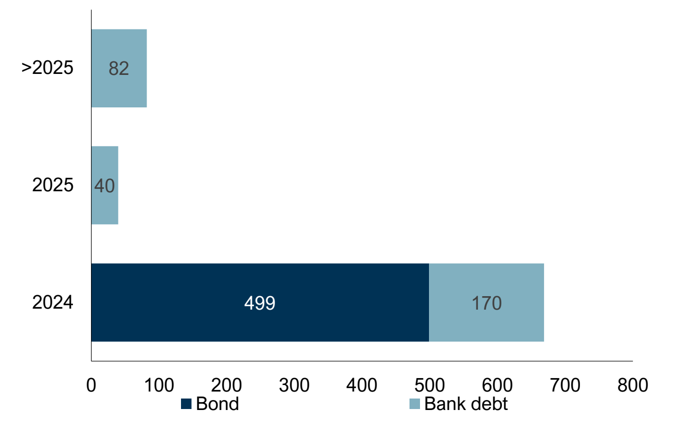
Sources: Pareto Securities, FactSet

Demire (Hold, TP EUR 1.0)

Demire showed a solid operating performance in 9M 2023, FFO I (before taxes and minorities) was almost stable with EUR 32m (-3% yoy). As it is mainly financed with a fixed coupon bond the higher funding costs have not yet been a big issue for Demire. The upcoming refinancing of the bond which will mature in October 2024 is, however, the main issue at Demire. Having bought back already EUR 100m of the outstanding nominal amount of EUR 600m, Demire has to pay back EUR 499m. Following the sale of LogPark Leipzig at the end of 2023, it has an estimated cash level of around EUR 200m. We expect Demire to be able to refinance the maturing bond with a combination of the following tools: using the available cash (incl. additional potential smaller property disposals), using the large portion of unencumbered assets (9M '23: 42%) to increase its bank financing and a restructuring of the bond, which may include extending the bond maturity, a debt-to-equity swap and raising liquidity through the issuance of a new bond with a smaller volume. Even if we are right in our expectation that Demire will be able to successfully refinance the bond, the negative earnings impact would be significant. The sale of LogPark Leipzig will e.g. lead to an estimated loss of around EUR 6m of FFO I, additional sales would further hurt profitability. The outstanding bond has a coupon of 1.875%, new bank loans or a smaller new bond would come with significantly higher costs which would hurt profitability. Hence, the underlying FFO I (before taxes and minorities) is likely to decline to well below EUR 30m (2023 target: EUR 35-37m).

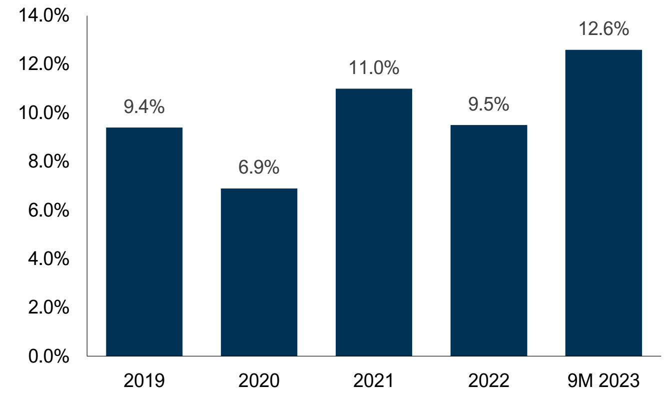
Hence, we stick to our Hold rating with a new target price of EUR 1.0 for Demire. A stabilization of commercial real estate markets and a decline in interest rates would be positive for Demire but as the refunding of the maturing bond is the main issue for Demire, we see the positive effects for Demire as limited. We do not expect the funding situation to ease quickly for real estate companies as risk appetite among investors has changed and as there are just so many real estate companies who have to refinance.

Maturity profile (as of 30.9.2023; in EUR m)



Source: Pareto Securities, Demire

EPRA vacancy rate (excl. project development properties)

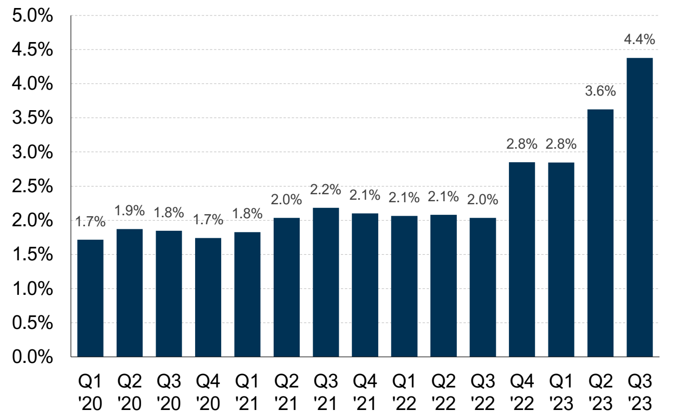


Source: Pareto Securities, Demire

Deutsche Pfandbriefbank (Buy, TP EUR 9.0)

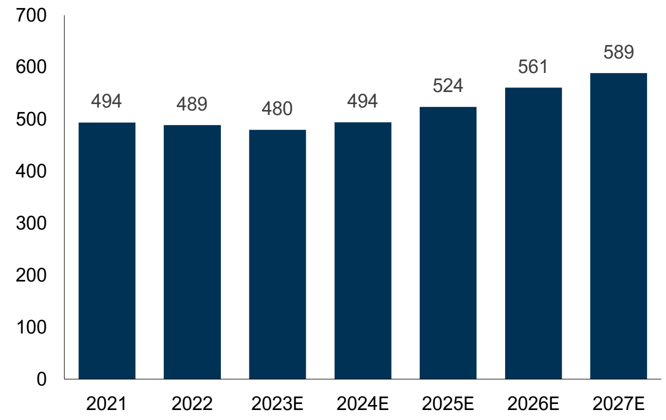
2023 was a difficult year for Deutsche Pfandbriefbank (PBB) as commercial real estate markets suffered from the sharp rise in interest rates which resulted in a decline of both transaction volumes and property prices. PBB was hit by lower new business volumes and more importantly by a sharp rise in risk provisions. Additionally, net interest income suffered from the loss of TLTRO benefit and floor income and last but not least, unlike many retail banks, PBB benefited only to an unsignificant extent from the higher interest rates by earning a higher margin on its retail deposits. Therefore, pretax profit should have fallen by 43% yoy to EUR 91m in 2023.
For the current year we are optimistic that PBB will be able to increase its pretax profit by 51% yoy to EUR 139m as the market environment should start stabilizing and even improve during the course of the year. The expected decline in interest rates should have a positive impact on both transaction volumes and property valuations. Transaction volume in Germany, PBB's core market, is e.g. forecast to grow again in 2024 (Savallis expects in its base scenario a transaction volume of between EUR 25bn and EUR 30bn for 2024; 2023: EUR: 21.5bn). Currently, the US office market is, however, PBB's main trouble spot. Vacancy rates stood at 17% on average as of Q3 2023 and are expected to further rise in 2024. Newer office buildings in prime locations are expected to fare better than older ones and/or those in B locations. PBB has mainly financed office properties in A locations which, however, have in some cases lost their prime standard during 2023 due to external factors.
As PBB has not benefited from the higher rates we do not see any negative impact from an expected decline in interested rates during the course of the year. Hence, net interest income should benefit from a growing portfolio and the current high new business margins. We forecast net interest income to increase by 3% yoy to EUR 494m in 2024e. Risk provisions should decline by 39% yoy to EUR 100m, still an elevated level. We expect NPLs to further increase as the recovery of the commercial real estate markets will take some time.
We recommend buying the shares with a target price of EUR 9.0 as the shares are attractively valued with a 2025e PER of 5x (P/B of 0.2x, ROE of 5%).

Historical development of the NPL ratio*



*Source: Pareto Securities, PBB; * taking into account only the strategic real estate loans*

Net interest income development (EUR m)

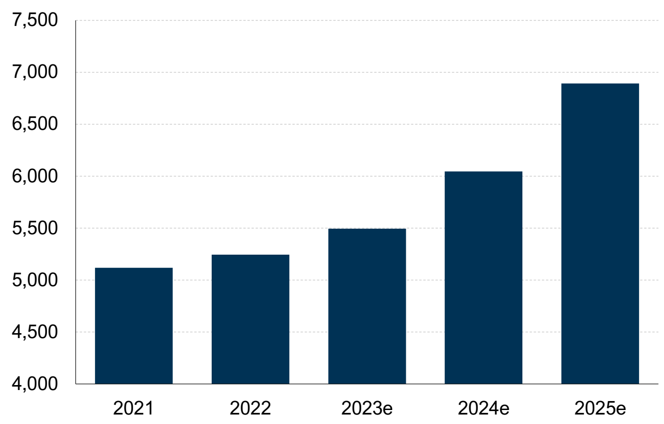


Source: Pareto Securities, PBB

Grenke (Buy, TP EUR 32)

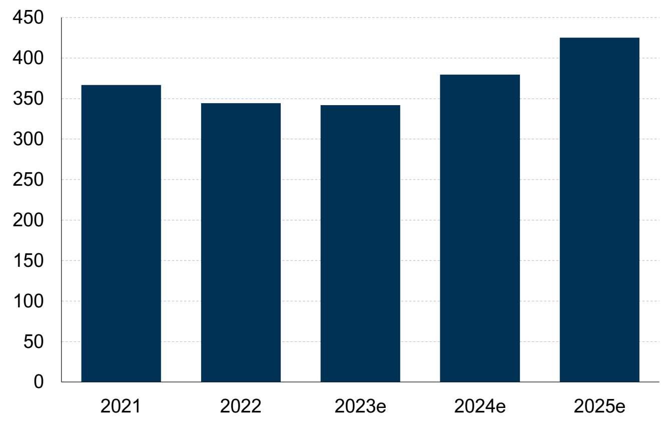
The good news from 2023 for Grenke is in our view that it is back in growth mode and that it has successfully passed on the higher funding costs to its customers. New business volume increased by 12% yoy to EUR 2.6bn in 2023, the new business margin (DB2) increased by 40 bps to 16.5% and we forecast the leasing portfolio to have increased by 5% yoy. After several quarters of sequentially rising funding costs the recent stabilization of interest rates should already help Grenke to stabilize its net interest margin.
A decline in interest rates would be good news for Grenke as it should have c.p. a positive impact on its net interest margin as it normally passes on lower funding rates only with a certain time lag. A normalization of inflation rates would be good news as for most of the companies it should limit further cost increases, particularly staff costs. Currently, the sluggish economic outlook for Europe (0.9% GDP growth rate) is clearly not supportive for Grenke. Although we do not expect risk provisions to increase significantly due to a growing number of insolvencies we expect the sluggish economic development to limit Grenke's growth potential somewhat as investments by SMEs should remain on low levels. Demand for leasing will remain high but the challenge for Grenke will be to meet its new business targets with the right customers, i.e. those customers which fit Grenke's quality criteria. Key earnings driver in 2024 should, however, be a growing leasing portfolio as in 2024 business will mature that has been written in 2020, which was a weak year in terms of new business with EUR 2bn. For 2024 Grenke targets a new business of between EUR 3bn and EUR 3.2bn (PASe: EUR 3bn). We forecast Grenke's leasing portfolio to grow by 10% yoy in 2024e, net interest income should grow by 11% as we forecast a slight margin expansion due to the expected decline in interest rates.
Given its attractive valuation (2025e PER: 9x) and the expected strong earnings growth we confirm our Buy rating with a target price of EUR 32.

Development of leasing portfolio (EUR m)



Source: Pareto Securities, Grenke

Development of net interest income (EUR m)

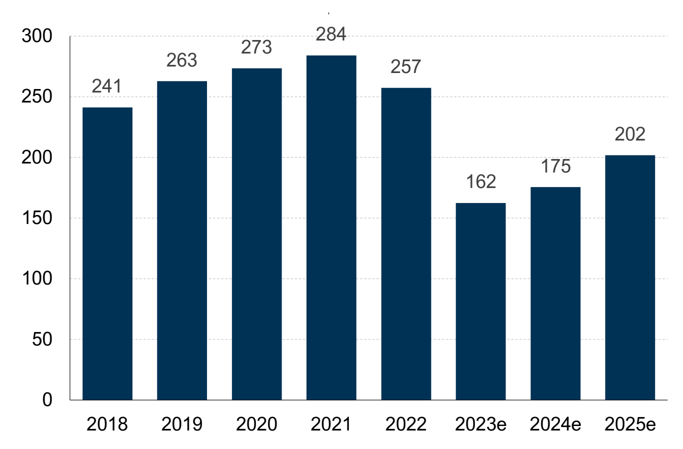


Source: Pareto Securities, Grenke

Hypoport (Buy, TP EUR 205, sponsored research)

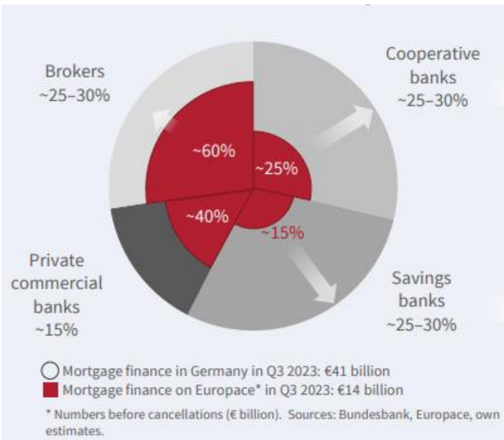
2023 was a challenging year for Hypoport as monthly new business mortgage finance volumes in Germany fell to a 13-year low and real estate markets in general were weak which was reflected e.g. in a low demand for property valuations and real estate brokerage services. Hypoport suffered from its high exposure to real estate markets which were negatively impacted from the sharp rise in interest rates. The higher rates resulted in a price decline, longer marketing periods and significantly lower transaction volumes of apartments/houses. During the last months mortgage loan rates have already declined by up to around 100 bps. With around 3.0% the lowest currently available 10 year mortgage rates remain, however, well above the record-low levels of well below 1% in 2022. Nevertheless, we expect transaction and mortgage finance volumes to recover during 2024 as demand for new apartments/house should remain strong, migration being an important factor, while potential buyers should have adapted to the higher funding costs. By looking for smaller houses/apartments in cheaper locations, potential investors can offset the higher funding costs at least partially. The decline in funding costs should also help somewhat in that respect. At the same time demand for property valuations and real estate brokerage services should recover as well as they are more or less directly linked to the transaction/financing volumes.
Given the lower cost base (Hypoport managed to reduce its costs by 14% yoy in 2023e due to the implementation of a restructuring program) and the expected increase in revenues (+18% yoy) we forecast EBIT to increase by 140% yoy to EUR 30m in 2024e. For 2025e we expect an acceleration of the market recovery and forecast revenues to increase by 18% yoy, EBIT should even increase by 66% yoy to EUR 39m which would be equivalent to an EBIT margin of 9.1%, still 1.6%-points below the peak reported in 2021.

Development of new mortgage loan volume in Germany (EUR bn)



Source: Pareto Securities, Bundesbank

Europace's market share in the German mortgage finance market

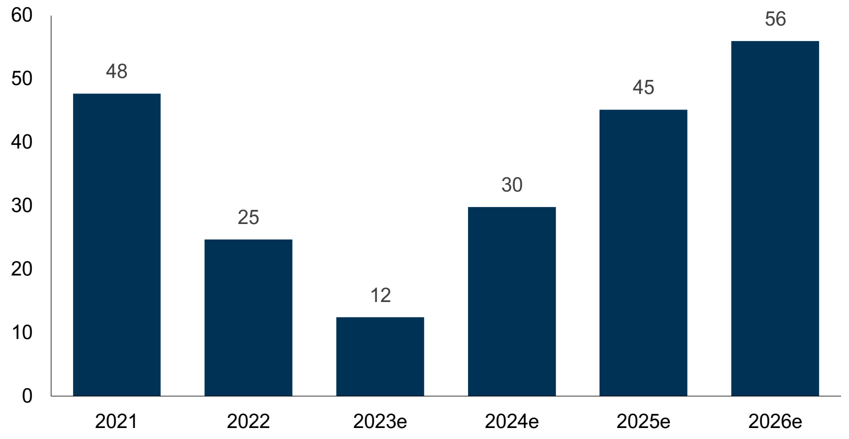


Source: Hypoport

We remain convinced of the strong growth prospects of Hypoport. The digitalization in the banking/real estate industry is not a sprint but a marathon. Once the crisis is over we expect the banking/real estate industry to start investing into the digitalization of their business again. We see e.g. still huge growth potential for Europace, which has a market share of around 15% and 25% with savings and mutual banks, respectively. Both mutual and savings bank have benefited from the increase in interest rates which led to a strong rise in net interest income and boosted profitability. Therefore, one could argue that the pressure for banks to look at cost structures and outsource certain activities is not as high as two years ago. However, we expect net interest income to decline again in the coming quarters because of growing competition for deposits which will have a negative margin impact and a decline in the overall rates should also have a negative impact. Furthermore, banks were also hit by the fall in mortgage finance volumes which negatively impacted net interest income. The example of Deutsche Bank, which started using Europace in 2023 for its complete retail banking business, has once again proven in our view that Europace is the leading mortgage loan platform in Germany. Hence, we see Europace in pole position to expand its market share further among savings and mutual banks. As there are still around 730 independent mutual and around 350 savings banks this process will take some time and not happen overnight as each bank has to decide itself to start using Europace.

We confirm our Buy recommendation with a target price of EUR 205. The shares are trading at a 2025e PER of 35x which we see as attractive given the forecasted earnings growth of 19% (EPS CAGR 2022-'26e).

EBIT development (EUR m)



Source: Pareto Securities, Hypoport

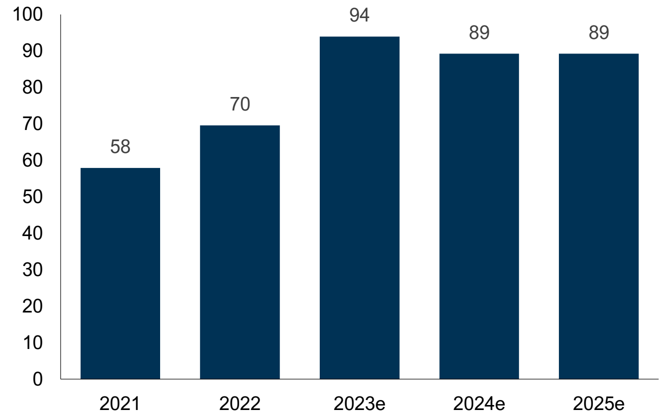
Merkur Privatbank (Buy, TP EUR 16.0, sponsored research)

Merkur Privatbank (MP) generates a large part of its revenues with the financing of real estate developer projects in Southern Germany, particularly in Munich. As explained before the real estate markets were weak in 2023 due to the strong rise in interest rates which led to a sharp decline of transaction volumes and lower property prices. The real estate developers were particularly hit by the combination of high inflation and higher interest rates. This is reflected in a sharp rise in the number of insolvencies of developers like e.g. Euroboden, Gerch, Signa etc. Although MP does not comment on single exposures and does not publish any non-performing loan figures, we assume that MP suffered from the negative market environment and that NPLs increased quite significantly during 2023. One indication for this assumption is the strong increase in risk provisions which more than tripled yoy to EUR 13.4m. Fortunately, MP benefited from the strong increase in interest rates at the same time due to its variably priced loan book and its large volume of retail deposits for which interest costs increased less than proportionately. Net interest income increased by 54% yoy to EUR 73m in 9M 2023, an outstanding performance. Thus, MP reached an increase of 9% yoy of net income as the higher net interest income more than offset both the higher risk provisions (incl. allocation to the fund for general banking risks) and the higher costs (+11% yoy) for 9M 2023.

For the current year we expect the market environment to stabilize for MP. The expected decline in interest rates should be positive for the real estate developer business as it should lead to a higher demand for apartments as the decline in mortgage loan rates should make financing for potential buyers easier. For the real estate developers lower financing costs and a stabilization of inflation ratios should be positive. Although we do not expect a recovery of the construction of new apartments in Munich, MP's core market, we expect a gradual stabilization on lower levels. The population of Munich is expected to further grow i.e. the demand for new apartments should remain high. Hence, we expect new business in the real estate developer business to stabilize in the next years at MP. Risk provisions should slightly decline in 2024e, we expect them to have peaked in 2023. Net interest income should come under pressure as we expect competition for retail deposits to increase, term deposits with lower interest rates will mature in 2024 and last but not least a decline in interest rates should negatively impact MP.

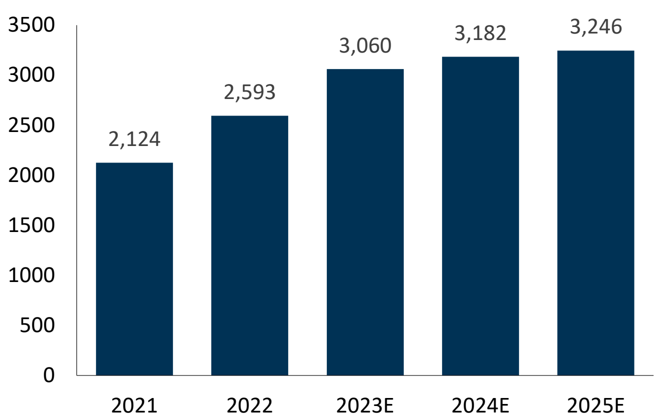
We stick to our Buy rating with a target price of EUR 16.0 as we expect the market environment to improve again in 2024e for MP. At the same time share remain attractively valued with a 2025e P/B of 0.9x and a ROE of 9%.

Development of net interest income (EUR m)



Source: Pareto Securities, Merkur Privatbank

Development of the loan portfolio (EUR m)

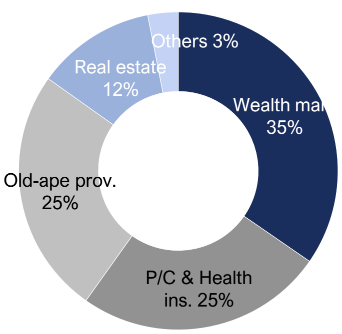


Source: Pareto Securities, Merkur Privatbank

MLP (Buy, TP EUR 9.0, sponsored research)

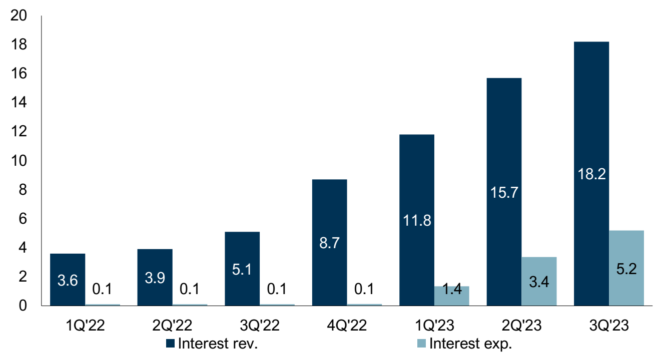
We expect MLP to have performed well in 2023 thanks to its diversified business model. EBIT should have remained more or less stable yoy at EUR 77m. While MLP was negatively impacted from the weak real estate markets it benefited from the higher interest rates which led to a strong increase in net interest income which helped to offset lower real estate related revenues. While the high inflation rates led to higher costs, mainly higher staff costs, MLP benefited in the P/C insurance business from higher insurance fees which resulted in higher commission fees for MLP.
For the current year we do not see MLP as a main beneficiary of declining interest rates. Clearly, in its real estate business a decline in interest rates and a recovery of real estate markets would be positive. Its real estate and mortgage loan brokerage business should benefit from a recovery of transaction activity and funding volumes. Its developer business activities should also benefit from a recovery of the real estate markets, even if the positive P&L impact should remain limited in 2024; we expect a larger effect to become visible in 2025. Its banking business should be negatively impacted from a decline in interest rates but as we do not foresee the ECB to cut rates before July, we do not expect the net interest income to decline significantly in 2024. Apart from lower ECB interest rates we expect competition for deposits to increase in 2024 which should have a negative impact on MLP's net interest margin. A normalization of inflation rates would be good news for MLP as higher revenues in the P/C insurance business only partially cover the increased administrative costs for the group. All in all, we therefore see the market environment in 2024 to be neutral for MLP. We confirm our Buy recommendation with a target price of EUR 9.0 on the back of the company's attractive valuation (2024e PER: 10x) while offering solid earnings growth going forward (2023e-'25e EPS CAGR: 9%).

Well diversified revenue mix (2022)



Source: Pareto Securities, MLP

Net interest revenues with strong increase during 2023

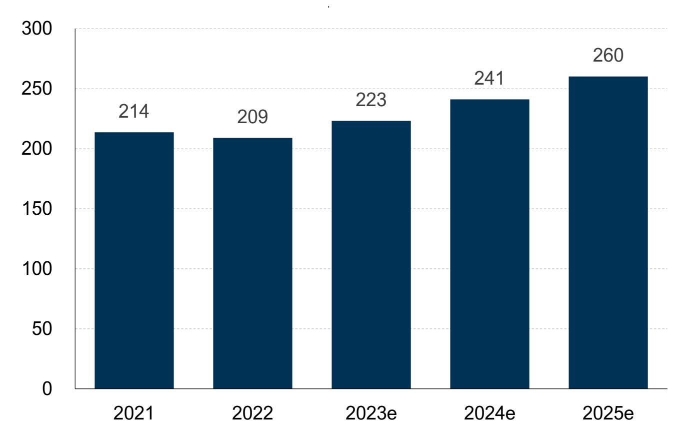


Source: Pareto Securities, MLP

Multitude (Buy, TP EUR 5.2)

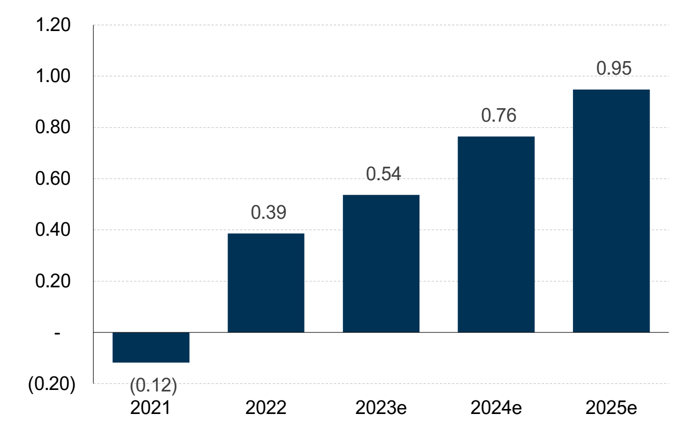
The strong increase in interest rates which led to higher funding costs for Multitude and the high inflation coupled with weak economic development were clearly challenging for Multitude in 2023. Nevertheless, we think that 2023 has been a successful year for Multitude as it has overcome these challenges. The company has reported a net profit of EUR 12m for 9M 2023, up by 103% yoy. Main earnings drivers have been higher revenues and lower costs which more than offset the increase in risk provisions and the higher funding costs.
For 2024e we expect Multitude to benefit from lower inflation rates and the expected decline in interest rates although the effect from the latter should be limited in our view. We expect a normalization of the inflation rate to be positive as it should limit the further upside pressure on the administrative costs at Multitude and as it should also c.p. further improve the payment behavior of Multitude's customer, i.e. should have a positive impact on Multitude's risk costs. The expected decline in interest rates should be also positive for Multitude but we nevertheless calculate with higher funding costs for Multitude in 2024 as we expect a rising competition for retail deposits to have a negative impact on funding costs and as maturing term deposits have to be refinanced at higher interest rates. The expected decline in interest rates, which we do not expect to happen before H2 2024, should not be large enough to offset these two just described negative effects. We are optimistic regarding Multitude's topline development and forecast revenues to increase by 8% yoy in 2024e. Costs and risk provisions should increase less than proportionately.
We stick to our Buy rating with a slightly higher target price of EUR 5.2 as we regard the shares as attractively valued with a 2025e PER of 5x while offering 33% EPS growth between 2023e and 2025e.

Revenue development (EUR m)



Source: Pareto Securities, Multitude

EPS development (EUR)



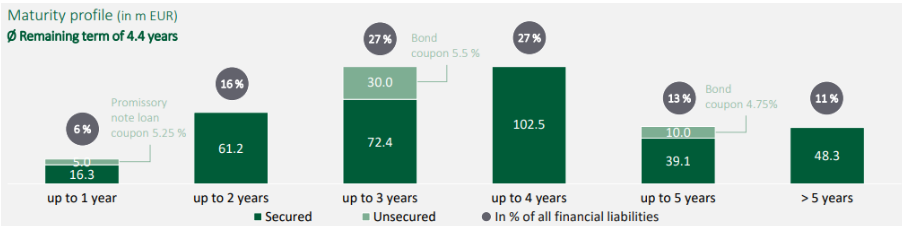
Source: Pareto Securities, Multitude

Noratis (Hold, TP EUR 6.5)

Noratis has been hit hard by the increase in interest rates and the related weakening of residential real estate markets in Germany in 2023. The increase in financing rates has not yet been a big issue for Noratis in 2023 as it is hedged against the higher interest rates to a large extent. These hedges will, however, run out in the coming years and if interest rates remain on the current level, funding costs will significantly increase in the coming years. In H1 Noratis suffered mainly from a negative valuation result due to the decline in residential real estate prices and the reduced transaction volumes which made it difficult for Noratis to sell apartments at reasonable prices. Last but not least, the particular high inflation of construction costs made the renovation of apartments more expensive for Noratis. Negatively, it is not so easy for Noratis to pass on the higher costs to its tenants due to regulatory restrictions but also due to the fact that Noratis' tenants belong to the middle class / lower middle class and cannot easily afford higher rents. Noratis was also negatively impacted from an accounting effect as it had to book a negative P&L impact from the valuation of the hedging derivatives. Hence, Noratis reported a pretax loss of EUR 4.4m for H1 2023 (Noratis does not publish any quarterly figures), in H1 2022 it had achieved a pretax profit of EUR 11.2m. Although the expected decline in interest rates should be clearly positive for the German residential real estate markets, we only see a stabilization and not a real improvement as likely for 2024. Hence, we see no tailwind for Noratis from the transaction side, particularly as prices should remain under pressure, i.e. the disposal of apartments should remain difficult. The expected decline in interest rates should help Noratis on the funding side but as we do not expect interest rates to come down before H2 2024 we see only limited P&L impact. Note, that Noratis has no large bond maturities in 2024, its outstanding EUR 30m bond will expire in November 2025. As Noratis' major shareholder, the Merz family, has increased its stake to 62% in the recent capital increases we expect the company to be able to refinance the bond. If no external investors were willing to refinance the bond we would expect the Merz family to step in.

We see the shares fairly valued at the moment given the ongoing challenging market environment for Noratis. Hence, we feel comfortable with our Hold recommendation and a new target price of EUR 6.5.

Maturity profile of Noratis' debt structure (as of 31.3.2023)

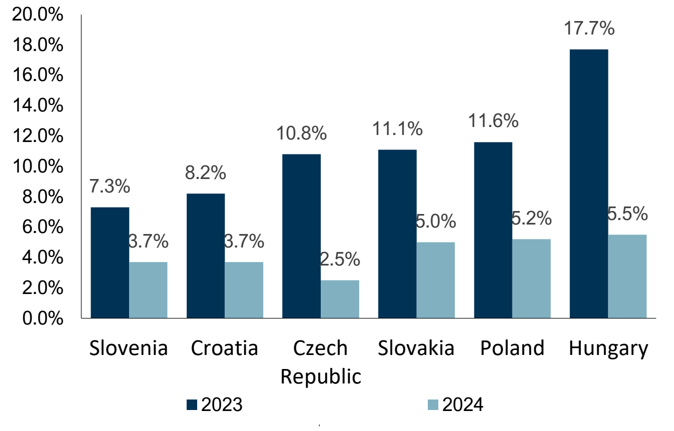


Source: Noratis

OVB (Buy, TP EUR 25.0, sponsored research)

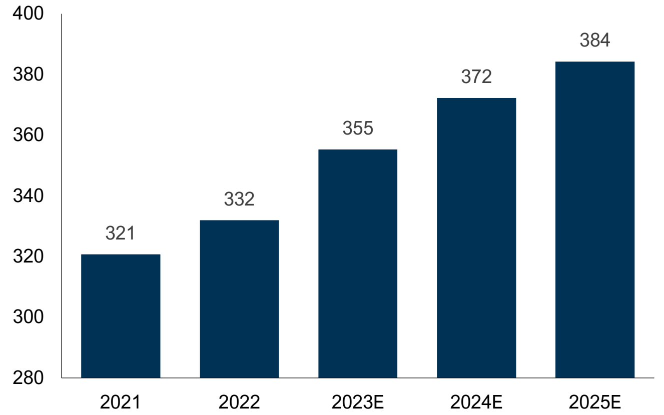
For OVB 2023 was a difficult year because of the high inflation, particularly in many countries in CEE inflation rates were well above 10% and thus led to significantly higher staff costs for OVB. Staff costs increased by 11% yoy after 9M 2023. At the same time OVB was negatively impacted from the strong increase in interest rates which led to a lower demand for mortgage loans and related products. OVB benefited from higher insurance policy fees but not yet to a significant extent. Revenues from brokerage commissions after 9M 2023 were up by 5% yoy.
We see the impact from the forecasted lower interest rates as not significant for OVB. Its mortgage loan business should recover somewhat but the impact should not be significant for the group. As it does not have any banking business like MLP there should be no meaningful negative impact. A decline in inflation rates, particularly in CEE (see graph below), would be, however, clearly positive for OVB as it has been hit hard by the high inflation in CEE in 2023. The sluggish economic development in the EU is not good news for OVB but as the CEE region plays a much more important role for it we see it positively that growth prospective in this region is higher. Furthermore, the penetration with insurance products in CEE is still lagging behind Western European countries, i.e. the market potential remains huge. Hence, we see good earnings potential for OVB for 2024e, we forecast a revenue increase by 5% yoy, EBIT should go up 12% yoy, the EBIT margin should improve by 30 bps to 5.1%.

Inflation development in selected CEE countries



Source: Pareto Securities, Bloomberg

Revenue development (EUR m)



Source: Pareto Securities, OVB

We confirm our Buy rating with a target price of EUR 25.0 as the shares are offering an attractive dividend yield of 5%. Furthermore, we see attractive earnings growth for the next years with a an EPS CAGR of 13% (2023e-‘25e).

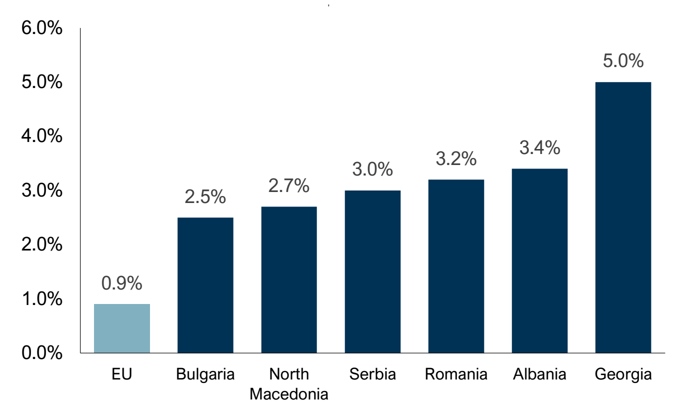
ProCredit (Buy, TP EUR 16.0, sponsored research)

Despite the ongoing war in the Ukraine, 2023 was an outstanding year for ProCredit. We expect the bank to have reached a ROE of 12.8% in 2023 (9M ’23: 13.6%), the main driver having been a strong net interest income (2023e: +27% yoy) as PCZ benefited from the higher interest rates. The net interest margin has increased by 70 bps to 3.9% in Q3 2023. Negatively, PCZ suffered impacted from the high inflation rates, which were particularly high in Eastern / Southern Eastern Europe. Staff costs were up by 21% yoy in 9M 2023.

A decline in interest rates would be clearly negative as it should have c.p. a negative impact on PCZ’s net interest margin. We also expect a rising competition for retail deposits which should also have a negative effect on the interest margin. The negative impact on net interest income should, however, be more gradual during the course of the year. Hence, we forecast net interest income to move sidewards in 2024e. A normalization of inflation rates would be clearly good news for PCZ as it should limit the further rise in costs, particularly staff costs. The economic outlook for EE/SEE is much better than for the EU, the GDP growth forecast for the most important countries in which PCZ is operating ranges between 2.5% in Bulgaria and 5.0% in Georgia. Hence, the economic environment should remain positive, and we expect PCZ to be able to further grow its loan book with a mid-single digit growth rate. Costs should continue to rise as inflation rates should remain on a comparably high level. Risk provisions are difficult to forecast are they depend to a large extent on the further development in the Ukraine. We forecast risk to remain at 31 bps on a relatively high level (compared to ProCredit’s historical figures). We forecast net profit to decline by 14% yoy to EUR 103m in 2024e as we expect the positive development of net interest income should come to an end. ROE should decline by 280 bps to 10.0%.

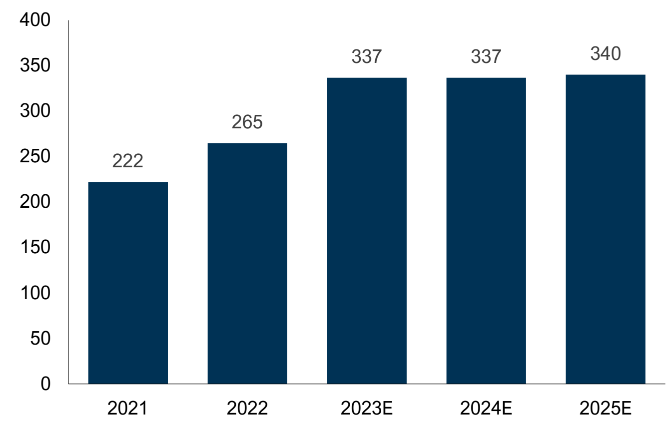
However, we confirm our Buy rating with a target price of EUR 16.0 as the shares are very attractively valued with a 2025e PER of 5x, P/B of 0.4x (ROE: 9.5%). Dividend yield for 2023e is at 8%. The ongoing war in the Ukraine remains a risk factor for the bank but it is an earnings event and even in the worst-case scenario not a capital event. We do not expect the war to end in the short term but rather expect it to continue for some time. If the war zone does not expand regionally within the Ukraine, the earnings impact (mainly risk provisions) should be manageable for PCZ.

GDP growth forecasts for selected countries for 2024e



Source: Pareto Securities, Bloomberg

Revenue development (EUR m)

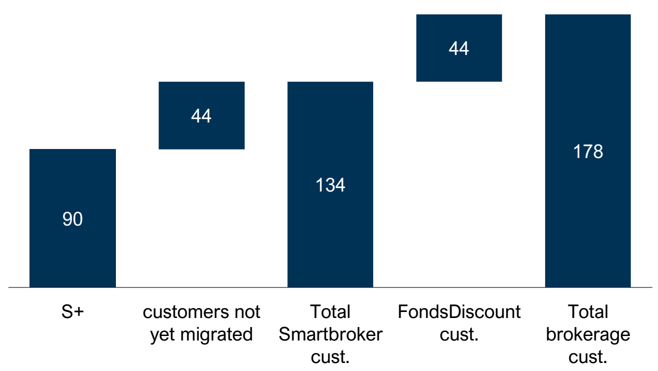


Source: Pareto Securities, ProCredit

Smartbroker (Buy, TP EUR 11.0)

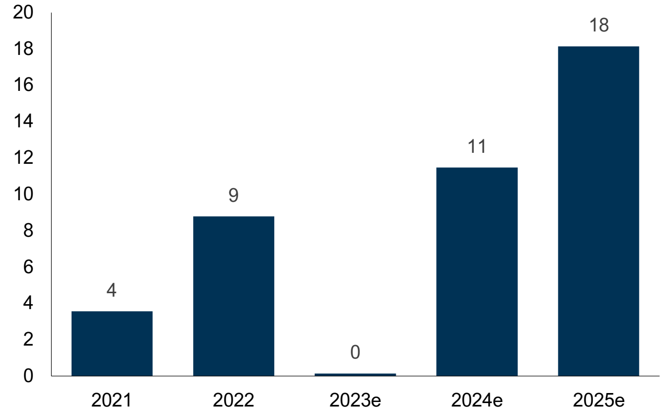
2023 was a transition year for the Smartbroker which was dominated by the successful migration from its old brokerage activities to its new offering, the Smartbrokerplus. The migration went well and Smartbrokerplus has started at the end of October. With 90k customers (and 44k customers that have not yet migrated) Smartbroker has 134k brokerage customers (excl. 44k Fondsdiscount customers). We think that Smartbrokerplus has an attractive product/service offering with an attractive pricing and should be able to win new customers in significant numbers in the next years. Financially 2023 was a mixed year so far. For H1 2023 (the company does not publish any quarterly figures) Smartbroker reported a revenue decline by 15% yoy and a pretax loss of EUR 0.5m (H1 2022: EUR 2.3m). While the brokerage activities reported a revenue decline by 16% yoy, the media business reported a revenue decline by 15% - it suffered from the overall weak economic market environment and a deteriorated capital market environment compared to H1 2022. The increase in interest rates and the high inflation had no direct impact on Smartbroker – unlike many other brokers it does not yet earn interest on its deposits volumes (this has however changed with the migration to Smartbrokerplus). Hence, we do not expect the forecasted decline in interest rates to have any significant earnings impact, the lower inflation rates should be positive, like for more or less any other company.
We recommend buying Smartbroker shares with a target price of EUR 11.0 as we see good growth prospects for Smartbrokerplus. With the successful migration and an attractive price offering we expect the broker now to turn back to growth mode and to increase its marketing spending to win new customers. The business model of an online securities broker is highly scalable i.e. we think it makes strategically sense for Smartbroker to increase the number of customers as quickly as possible to increase revenues and reach black figures. Neobrokers like Trade Republic or Scalable, which pursue a slightly different business model, grow currently quite strongly. Trade Republic, which has 4m customers, has e.g. won on average more than 100k customers per month during Q4 2023. This shows, in our view, that it is possible to win new customers in significant numbers if the offering is attractive. Smartbrokerplus should not only be able to win customers from comdirect, ING, Consorsbank and other online brokers but also from the traditional retail banks, i.e. savings and mutual banks. Particularly, among the retail banks we still see huge growth potential for Smartbrokerplus as its offerings is more attractive, particularly regarding pricing.

Smartbroker's brokerage customers (11 2023)



Source: Pareto Securities, Smartbroker

EBITDA development (EUR m)



Source: Pareto Securities, Smartbroker

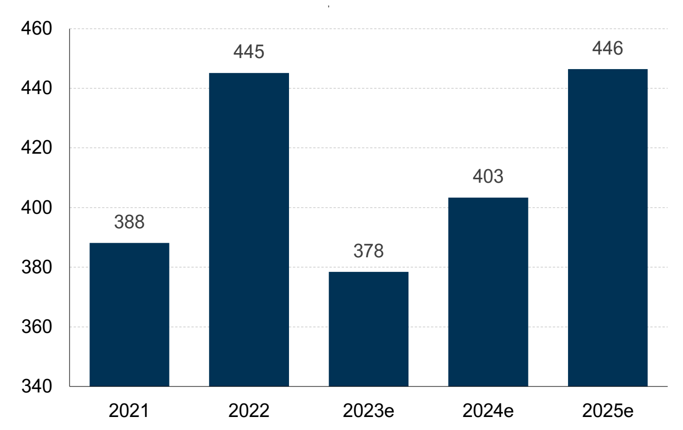
Steico (Buy, TP EUR 40.0)

2023 has been a weak year for Steico with a revenue decline by 19% yoy after 9M 2023 and an EBIT decline by even 55% yoy. For the full year Steico expects a revenue decline between 15% and 17% yoy. Steico has been negatively impacted from two factors: 1) The sharp increase in interest rates led to a reduced new construction activity which led to a lower demand for Steico's insulation products. 2) Due to a shortage of Steico's products at the wholesale customers during 2021 as demand from end customers had skyrocketed the wholesale customers had increased their orders during 2022. Together with the drop in demand this has led to an oversupply of Steico's products and resulted in high stock levels at the wholesale customers. Additionally, a new player entered the German market with an aggressive pricing strategy which negatively impacted Steico as well. Apart from this the key news in 2023 was that Steico's majority shareholder, Mr. Schramek, sold a 51% stake to Kingspan and remains a minority shareholder with 10% (with put/call options for the remaining stake in place).

The expected decline in interest rates should lead to a stabilization of new construction activity during the course of the year, i.e. from H2 2024 onwards. This together with a stronger focus by Steico on the renovation sector should lead to a slight revenue growth in 2024, we forecast +7%. The normalization of stock levels on the wholesale level should be an important factor as well. A decline in inflation rates would be also positive for Steico as it should give the company some relief on the cost side. During 2022 it was no problem for Steico to pass on higher input costs to its customers, in 2023 this was not possible anymore due to the lower demand. EBIT should increase by 23% yoy to EUR 38m, equivalent to an EBIT margin of 9%, well below the record level from 2021 of 17%.

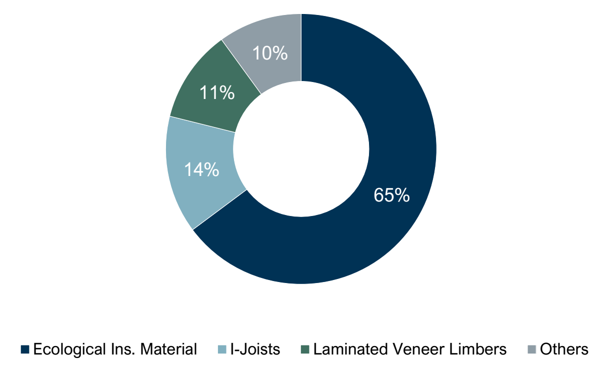
We stick to our Buy rating with a target price of EUR 40 as we see the shares attractively valued with a 2025e PER of 14x while offering attractive earnings growth (EPS CAGR 2023e-'25e: 26%). Demand for Steico's insulation products should increase again in 2024e as more and more people should decide for ecologically friendly insulation material. In the mid-term we see a good chance of Steico being fully taken over by Kingspan which would result in an offer to the free float. Note, that Kingspan did not have to make a takeover offer to the free float when it bought Schramek's stake as the shares are listed on the open market.

Revenue development (EUR m)



Source: Pareto Securities, Steico

Revenue split by product category



Source: Pareto Securities, Steico

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“Hold”	Pareto Securities Research expects this financial instrument’s total return to be between -10% and 10% over the next 12 months
“Sell”	Pareto Securities Research expects this financial instrument’s total return to be negative by more than 10% over the next 12 months
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Appendix A

Disclosure requirements in accordance with Commission Delegated Regulation (EU) 2016/958 and the FINRA Rule 2241

The below list shows companies where Pareto Securities AS - together with affiliated companies and/or persons – owns a net long position of the shares exceeding 0,5 % of the total issued share capital in any company where a recommendation has been produced or distributed by Pareto Securities AS.

Companies	No. of shares	Holdings in %
Austevoll Seafood	1,051,640	0.52 %
Bonheur	243,488	0.57 %
Pareto Bank	16,185,949	23.17 %
Pexip Holding	736,595	0.71 %
SpareBank 1 Nord-Norge	5,006,421	4.99 %
SpareBank 1 SMN	2,944,305	2.27 %
SpareBank 1 SR-Bank	2,468,407	0.97 %
SpareBank 1 Østfold Akershus	1,234,613	9.97 %
SpareBank 1 Østlandet	6,990,591	6.58 %
Sparebanken Møre	376,703	0.76 %
Sparebanken Sør	495,000	1.19 %
Sparebanken Vest	9,101,469	8.30 %
SpareBank 1 Sørøst-Norge	2,871,822	4.55%

Pareto Securities AS may hold financial instruments in companies where a recommendation has been produced or distributed by Pareto Securities AS in connection with rendering investment services, including Market Making.

Please find below an overview of material interests in shares held by employees in Pareto Securities AS, in companies where a recommendation has been produced or distributed by Pareto Securities AS. "By material interest" means holdings exceeding a value of NOK 50 000.

Company	Analyst holdings*	Total holdings
2020 Bulkers		18,924
2G Energy		340
ABB Ltd.		580
ABL Group		34,508
Aker ASA	500	2,241
Aker BP		7,959
Aker Carbon Capture		8,976
Aker Horizons		502,071
AMSC ASA		3,640
Aprila Bank		22,675
Atlantic Sapphire		37,912
Austevoll Seafood		2,923
B3 Consulting Group		2,000
BB Biotech		460
Beerenberg		20,000
BioInvent		15,000
BlueNord		100
Bonheur		30,618
Bouvet		3,500
BW Energy		64,459
BW LPG		1,950
BW Offshore		5,222
Cool Company		610
Crayon		22,746
Deep Value Driller		8,400
Dermapharm Holding SE		750
DNB		16,402
DNO		74,331
DOF		1,250
Elkem		74,170
Elmera Group ASA		32,755
Embracer Group		42,520
Encavis AG		630
Eneti		525
Equinor		5,156
Europris		15,018
Flex LNG		595
Frontline		3,429
Gaming Innovation Group		10,010
Genel Energy		5,700
Getinge		260
GFT Technologies		270
Gjensidige Forsikring	519	3,010
Grieg Seafood		11,801
Hafnia Ltd.		91,303
Hennes & Mauritz B		1,085
Höegh Autoliners		10,963
International Petroleum Corp		7,676
International Seaways		192
Kambi Group plc		430
Kitron		21,138
Komplett ASA		144,614
Kontron AG		350
Lea bank		16,355
Lerøy Seafood Group		116,775
Lundin Mining Corp.		7,652
Morrow Bank		171,200
Mowi		10,426
MPC Container Ships		6,290
Multitude		2,443
Mutares SE & Co. KGaA		433
NorAm Drilling		6,883
Nordic Semiconductor		10,127
Norsk Hydro		77,351
Norske Skog		81,764
Norwegian Air Shuttle		63,507
Odfjell Drilling		2,081
Okeanis Eco Tankers		8,012
Orkla		7,086
Otovo ASA		35,400
Panoro Energy		36,833
Pareto Bank		829,465
PetroTal		20,000
Pexip Holding		736,595
Protector Forsikring		9,436
PSI Software		300
Quantafuel		16,812
REC Silicon		5,739
SalMar		224
Sandnes Sparebank		2,500
Scorpio Tankers		4,306
Seadrill Ltd		10,910
Securitas AB		656
SiemOffshore		2,000
Solstad Offshore		1,500
SpareBank 1 Nord-Norge	725	744
SpareBank 1 SMN		5,943
SpareBank 1 SR-Bank		10,577
SpareBank 1 Østlandet	1,100	1,100
Sparebanken Møre		950
Sparebanken Sør		15,000
Sparebanken Vest		966
Standard Supply		20,000
Stolt-Nielsen		2,100
Stora Enso		1,396
Storebrand	100	2,400
Storytel		22,115
Subsea 7		21,291
Telenor		3,563
Telia Company		5,000
TGS		11,595
Thule Group		800
Tomra Systems ASA		500
TORM		2,000
Transocean		10,000
Valaris		3,427
Vestas Wind Systems		1,275
Viscom		1,300
Volue		69,415
Vår Energi		285,658
Yara	0	18,424
Zaptec	0	24,200

This overview is updated monthly (last updated 16.01.2024).

*Analyst holdings refers to positions held by the Pareto Securities AS analyst covering the company.

Appendix B

Disclosure requirements in accordance with Article 6(1)(c)(iii) of Commission Delegated Regulation (EU) 2016/958

Overview over issuers of financial instruments where Pareto Securities AS have prepared or distributed investment recommendation, where Pareto Securities AS have been lead manager/co-lead manager or have rendered publicly known not immaterial investment banking services over the previous 12 months:

Acroud AB
Advanzia Bank S.A.
Alva Industrier AS
AMSC ASA
APK AG
Archer
Argeo AS
Austevoll Seafood
Ayfie Group AS
Beerenberg Services AS
Bonheur ASA
Borr Drilling
BW Energy
BW Epic Kosan
BW Group Limited
Cabonline Group Holding
Cadeler
CEMAsys AS
Clemens Kraft AS
DEAG Deutsche Entertainment AG
Delignit
Desert Control AS
DOF
Dolphin Drilling
Edda Wind
Eidesvik Offshore
EIK Servering AS
Endur ASA
Energy Drilling Pte. Ltd.
Fertiberia Corporate S.L.U.
Fishbase Group AS
Floatel
Fredrikstad Energi AS
Frøy ASA
GC Rieber Shipping ASA
Gjensidige Forsikring ASA
Golar LNG
Golden Energy Offshore Services AS
Grøntvedt AS
Hafnia Ltd.
Hertha BSC GmbH & Co. KGaA
HMH Holding B.V.
Huddly AS
HydrogenPro
HÖRMANN Industries GmbH
Inin Group AS
Insr ASA
Instabank ASA
International Petroleum Corp. ("IPC")
Katjes International GmbH&CO
Kezzler AS
Klaveness Combination Carriers ASA
KMC Properties
Krow Bidco AS
Logistic Contracters AS
LoneStar Group
Mime Petroleum
Mintra Group
Morrow Bank
Mutares SE & Co. KGaA
NEXT Biometrics Group ASA
Nordic Aqua Partners AS
Nordic Halibut AS
Nordic Unmanned
Norlandia Health & Care Group
Norse Atlantic ASA
OKEA
Otovo ASA
Pareto Bank
Penfield Shipping LLC
PGS ASA
PHM Group Holding
Point Resources Holding AS
Prosafe
Protector Forsikring ASA
Proximar Seafood AS
Quality Living Residential AS
ReFuels
RelyOn Nutec A/S
Salmon Evolution
Seacrest Petroleo Bermuda Ltd
Shamaran Petroleum
Skandia GreenPower
Sparebanken Sør
SSCP Lager Bidco AB
Tasik Toba Subsea AS
Treasure ASA
Vantage Drilling International
Vesterålen Havbruk AS
Waldorf Production Ltd.
wheel.me
Ziton A/S

This overview is updated monthly (this overview is for the period 01.01.2023 – 31.12.2023).

Appendix C

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11 (4)

Distribution of recommendations

Recommendation	% distribution
Buy	75%
Hold	24%
Sell	2%

Distribution of recommendations (transactions*)

Recommendation	% distribution
Buy	95%
Hold	5%
Sell	0%

* Companies under coverage with which Pareto Securities Group has on-going or completed public services in the previous 12 months

This overview is updated monthly (last updated 16.01.2024).

Appendix D

This section applies to research reports prepared by Pareto Securities AB.

Disclosure of positions in financial instruments
The beneficial holding of the Pareto Group is 1 % or more of the total share capital of the following companies included in Pareto Securities AB's research coverage universe: None

The Pareto Group has material holdings of other financial instruments than shares issued by the following companies included in Pareto Securities AB's research coverage universe: None

Disclosure of assignments and mandates
Overview over issuers of financial instruments where Pareto Securities AB has prepared or distributed investment recommendation, where Pareto Securities AB has been lead manager or co-lead manager or has rendered publicly known not immaterial investment banking services over the previous twelve months:

ADDvise Group AB	Gaming Innovation Group	Xbrane Biopharma AB
Adtraction Group AB	Hanza AB	Xspray Pharma AB
Artificial Solutions International AB	Hexicon AB	VEF AB
Awardit AB	Media & Games Invest plc	Vicore Pharma Holding AB
Biovica International AB	Renewcell AB	VNV Global AB
Cibus Nordic Real Estate AB		

Members of the Pareto Group provide market making or other liquidity providing services to the following companies included in Pareto Securities AB's research coverage universe:

Adtraction AB	Media & Games Invest plc.	Sedana Medical AB
Implantica AG	Mentice AB	VEF
Lundin Gold	Modelon AB	

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None

Member of the Pareto Group is providing Business Management services to the following companies:

Aarhus Rssidentials	Hallsell Property Invest AB	Mälaråsen AB
Backaheden Fastighets AB	Korsängen Fastighets AB (publ)	One Publicus Fastighets AB
Bonäsudden Holding AB (publ)	Krona Public Real Estate AB	Origa Care AB (publ)
Borglanda Fastighets AB	Logistri Fastighets AB	Preservium Property AB
Fleming Properties AB		

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None

This overview is updated monthly (last updated 15.01.2024).

Appendix E

Disclosure requirements in accordance with Article 6(1)(c)(i) of Commission Delegated Regulation (EU) 2016/958

Designated Sponsor
Pareto Securities acts as a designated sponsor for the following companies, including the provision of bid and ask offers. Therefore, we regularly possess shares of the company in our proprietary trading books. Pareto Securities receives a commission from the company for the provision of the designated sponsor services.

2G Energy AG	IVU Traffic AG	Pryme B.V.
ad pepper media International N.V.	Kontron AG	PSI AG
Biotest AG	Logwin AG	Pyrum Innovations AG
Biotest AG Pfd.	manz AG	Salmones Camanchaca S.A.
Corestate Capital Holding S.A.	MAX Automation SE	Seven Principles AG
Daldrup & Söhne AG	Merkur Privatbank AG	SHOP APOTHEKE EUROPE N.V.
DEMIRE AG	Meta Wolf AG	SMT Scharf AG
DF Deutsche Forfait AG	MLP SE	Surteco AG
epigenomics AG	MPC Container Ships ASA	SYZYGY AG
Foris AG	Muehlhahn AG	TTL Beteiligungs- und Grundbesitz AG
Gesco AG	Mutares SE & Co. KGaA	Uzin Utz SE
GFT Technologies SE	OVB Holding AG	VERIANOS SE
Heidelberg Pharma AG	ProCredit Holding AG	Viscom AG
INTERSHOP Communications AG	Progress-Werk Oberkirch AG	WPU - Waste Plastic Upcycling AS

Appendix F

Disclosure requirements in accordance with Article 6(1)(c)(iv) of Commission Delegated Regulation (EU) 2016/958

Sponsored Research
Pareto Securities has entered into an agreement with these companies about the preparation of research reports and – in return - receives compensation.

2G Energy AG	Expres2ion Biotech Holding AB	Mutares SE & Co. KGaA
BB Biotech AG	Gesco AG	Mynaric AG
Biotest AG	GFT Technologies SE	OHB SE
Biotest AG Pfd.	Heidelberg Pharma AG	ProCredit Holding AG
Cliq Digital AG	Hypoport SE	Progress-Werk Oberkirch AG
Daldrup & Söhne AG	INTERSHOP Communications AG	PSI AG
Delignit	Kontron AG	Siegfried Holding AG
Dermapharm Holding SE	Logwin AG	SMT Scharf AG
Enapter AG	MAX Automation SE	Surteco AG
epigenomics AG	Merkur Privatbank AG	SYZYGY AG
exceet Group	MLP SE	Viscom AG

This overview is updated monthly (last updated 16.01.2024).