

24 February 2023

Commissioned research: BankNordik – DKK 250m dividend announced, corresponding to 15% of market cap

Marketing material commissioned by BankNordik

On January 26th 2023, BankNordik published a statement in which the bank narrowed its 2022E net profit guidance to DKK 160-170m and announced its 2023 net profit guidance of DKK 190-220m. The 2024 targets were also revised in the statement and hence, capital distribution was the center of attention when the report was published this morning. BankNordik announced that it expects to distribute DKK 115m in ordinary dividends, corresponding to 70% of net profit for 2022 and also proposes an extraordinary dividend of DKK 135m to be distributed to shareholders, in line with our estimates. The total dividend payment of DKK 250m corresponds to 15% of the bank's current market cap and supports the proposed 2024 target of a CET-1 ratio equal to 20%. Moreover, costs came in strong in Q4 at DKK 58m versus our estimate of DKK 65m. Asset quality also remained strong with BankNordik reporting reversals of DKK 3m, on par with our estimate. BankNordik is currently trading at a 2024E P/E of 6.8x and 5.8x adjusted for this dividend which puts the bank at an attractive valuation compared to most of its Danish peers.

BANKNORDIK: DEVIATION TABLE

DKKm	Actual	NDA	Deviation		Actual	q/q	Actual	y/y
	Q4 22	Q4 22E	vs. Actual		Q3 22	growth	Q4 21	growth
Net interest income	72	73	-1	-1%	67	8%	66	9%
Net fee and commission income	23	23	0	0%	22	4%	23	0%
Net insurance income	14	10	4	40%	11	28%	6	-
Other income	8	10	-2	-20%	11	-25%	8	0%
Total Income	117	116	1	1%	110	6%	103	14%
Total Expenses	-58	-65	7	-10%	-62	-7%	-57	2%
Profit before loan losses	59	51	8	16%	48	22%	46	28%
Loan losses	3	3	0	0%	12	-75%	40	-93%
Operating profit	62	54	8	15%	60	3%	86	-28%
Market value adjustments	8	17	-9	-54%	-36	-	2	-
Non-recurring and industry solutions	0	0	0	-	0	-	6	-
Pre tax profit	70	71	-1	-2%	24	-	95	-26%
Discontinued operations before tax	0	0	0	-	0	-	0	-
Taxes	-16	-14	-2	18%	-4	-	-17	-6%
Net profit	54	58	-4	-6%	20	-	78	-31%
CET1 ratio	21.6%	21.8%	-0.2 pp		22.9%	-1.3 pp	23.8%	-2.2 pp

Source: Company Data and Nordea estimates

SUMMARY TABLE - KEY FIGURES

DKKm	2019	2020	2021	2022E	2023E	2024E
Total revenue	658	387	407	447	494	498
Total costs	473	237	236	251	272	266
LL-ratio	-1.06%	-0.06%	-1.01%	-0.59%	0.50%	0.49%
PTP	261	207	340	209	293	281
RoE	9.7%	7.3%	12.7%	8.8%	13.1%	12.8%
RoTBV (adj)	10.3%	7.1%	9.2%	8.5%	12.8%	12.5%
P/E (adj)	4.8	9.0	6.8	10.1	7.0	6.8
P/BV	0.46	0.64	0.66	0.92	0.86	0.85
P/TBV	0.46	0.64	0.66	0.92	0.87	0.85
BIS III CT1-ratio	18.8%	22.6%	27.5%	21.8%	21.2%	20.0%
DPS (ord, DKK)	7.00	5.00	61.39	53.27	24.02	24.20
Dividend Yield	6.74%	6.42%	3.29%	43.69%	30.62%	13.80%
Total payout ratio	0.40	0.33	2.15	3.00	0.91	1.25

Source: Company data and Nordea estimates

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