

16 June 2023

Commissioned research: BankNordik - ~10% guidance upgrade in line with expectations

Marketing material commissioned by BankNordik

This morning, BankNordik upgraded its FY 2023E net profit guidance from DKK 210-240m to DKK 235-265m, corresponding to a ~10% upgrade. The upgrade was driven by an improved outlook in core operations and customer resilience which has led to lower-than-expected impairment levels. On Wednesday, we published a flash in which it was stated that we saw upside to the old guidance and hence, this upgrade was in line with our expectations. We currently estimate net profit in 2023E of DKK 253m which is slightly above the midpoint of the new guidance. However, in light of the rate hike by the Danish Central Bank yesterday and the upgrade, our estimates could come up further.

Other highlights

- We continue to see upside to BankNordik's 2024 targets on ROE and the Cost/income ratio where we are currently at 13.3% (target: 12%) and 49% (target: Below 53%), respectively.
- We expect BankNordik to distribute ~40% of its current market cap to shareholders by 2024 in order for the bank to its capitalisation target of a CET1 ratio equal to 20%.
- The BankNordik share is currently trading at a capital adj. 2025E P/E of ~3.2x which puts the share at a ~50% discount to its Danish peers.

SUMMARY TABLE - KEY FIGURES

DKKm	2020	2021	2022	2023E	2024E	2025E
Total revenue	387	407	448	495	510	515
Total costs	237	236	244	252	248	245
LL-ratio	-0.06%	-1.01%	-0.59%	0.20%	0.47%	0.40%
PTP	207	340	208	312	302	312
RoE	7.3%	12.7%	8.5%	13.9%	13.7%	14.6%
RoTBV (adj)	7.1%	9.2%	8.3%	13.6%	13.4%	14.3%
P/E (adj)	9.0	6.8	8.2	5.4	5.6	5.3
P/BV	0.64	0.66	0.71	0.74	0.75	0.77
P/TBV	0.64	0.66	0.72	0.74	0.75	0.77
BIS III CT1-ratio	22.6%	27.5%	21.6%	20.8%	20.0%	20.0%
DPS (ord, DKK)	5.00	61.39	52.38	29.01	30.30	29.11
Dividend Yield	6.42%	3.29%	43.69%	38.51%	20.72%	21.65%
Total payout ratio	0.33	2.15	3.04	1.10	1.17	1.14

Source: Company data and Nordea estimates

Completion date: 16/06/2023 08:36:05 CET

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