

3 August 2023

## Commissioned research: BankNordik – Another strong result with continued solid asset quality

Marketing material commissioned by BankNordik

Q2 NII came in 2% above our estimate at DKK 86m while NCI came in at DKK 19m versus our estimate at DKK 22m. Moreover, insurance income was particularly strong in Q2, coming in at DKK 19m versus our estimate at DKK 11m. Meanwhile, costs were in line with our estimate. Asset quality remained very strong in the quarter with BankNordik reporting reversals of DKK 7m while we expected DKK 0m. On the other hand, Q2 market value adjustments came in weaker than our estimate at DKK 15m (we estimated DKK 23m). Overall, net profit came in 2% ahead of our estimate. Finally, BankNordik also reported an increase in the management estimated provision from DKK 65m to DKK 75m due to the continued uncertain environment. We are likely to make small EPS revisions in light of the report and expect the share to be slightly up today.

### Quarterly highlights

- Net interest income was 2% above our estimate while NCI came in DKK 3m below our estimate. Meanwhile, income from the insurance business beat our estimate by DKK 8m.
- Costs came in at DKK 64m which was in line with our estimate.
- Asset quality remained very strong with reversals of DKK 7m versus our estimate of loan losses equal to DKK 0m. This line also included an increase in the management buffer of DKK 10m, hence signalling very strong underlying asset quality.
- The CET1 ratio came in at 22.1% which was stronger than our estimate and was caused by a more significant decrease in REA q/q than we had anticipated.

### BANKNORDIK: DEVIATION TABLE

DKKm	Actual	NDA	Deviation		Actual	q/q	Actual	y/y
	Q2 23	Q2 23E	vs. Actual		Q1 23	growth	Q2 22	growth
Net interest income	86	84	2	2%	78	11%	65	33%
Net fee and commission income	19	22	-3	-14%	21	-11%	22	-12%
Net insurance income	19	11	8	73%	5	-	15	24%
Other income	11	9	2	22%	8	32%	9	22%
<b>Total Income</b>	<b>135</b>	<b>126</b>	<b>9</b>	<b>7%</b>	<b>112</b>	<b>20%</b>	<b>111</b>	<b>22%</b>
<b>Total Expenses</b>	<b>-64</b>	<b>-64</b>	<b>0</b>	<b>0%</b>	<b>-64</b>	<b>1%</b>	<b>-63</b>	<b>2%</b>
<b>Profit before loan losses</b>	<b>71</b>	<b>62</b>	<b>9</b>	<b>15%</b>	<b>49</b>	<b>46%</b>	<b>48</b>	<b>48%</b>
Loan losses	7	0	7	-	8	-17%	22	-68%
<b>Operating profit</b>	<b>78</b>	<b>62</b>	<b>16</b>	<b>26%</b>	<b>57</b>	<b>37%</b>	<b>70</b>	<b>12%</b>
Market value adjustments	15	23	-8	-34%	22	-31%	-16	-
Non-recurring and industry solutions	-6	0	-6	-	-3	83%	0	-
<b>Pre tax profit</b>	<b>87</b>	<b>85</b>	<b>2</b>	<b>3%</b>	<b>75</b>	<b>15%</b>	<b>54</b>	<b>62%</b>
Discontinued operations before tax	0	0	0	-	0	-	0	-
Taxes	-17	-16	-1	6%	-14	20%	-10	70%
<b>Net profit</b>	<b>70</b>	<b>69</b>	<b>1</b>	<b>2%</b>	<b>61</b>	<b>14%</b>	<b>43</b>	<b>63%</b>
<b>CET1 ratio</b>	<b>22.1%</b>	<b>21.4%</b>	<b>0.7 pp</b>		<b>21.0%</b>	<b>1.1 pp</b>	<b>23.3%</b>	<b>-1.2 pp</b>

Source: Company Data and Nordea estimates

## SUMMARY TABLE - KEY FIGURES

DKKm	2020	2021	2022	2023E	2024E	2025E
Total revenue	387	407	448	503	520	519
Total costs	237	236	244	254	251	247
LL-ratio	-0.06%	-1.01%	-0.59%	0.20%	0.47%	0.40%
PTP	207	340	208	322	310	315
RoE	7.3%	12.7%	8.5%	14.3%	14.0%	14.7%
RoTBV (adj)	7.1%	9.2%	8.3%	14.1%	13.7%	14.4%
P/E (adj)	9.0	6.8	8.2	5.6	5.8	5.7
P/BV	0.64	0.66	0.72	0.79	0.80	0.82
P/TBV	0.64	0.66	0.72	0.79	0.81	0.82
BIS III CT1-ratio	22.6%	23.8%	21.6%	20.8%	20.0%	20.0%
DPS (ord, DKK)	52.14	40.33	26.12	29.52	30.71	29.28
Dividend Yield	0.00%	34.30%	28.70%	19.20%	19.68%	20.47%
Total payout ratio	3.03	1.42	1.52	1.08	1.16	1.14

Source: Company data and Nordea estimates

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