

19 September 2023

## Commissioned research: BankNordik – Another 10% guidance upgrade bodes well for H2 2023

*Marketing material commissioned by BankNordik*

Today, BankNordik upgraded its FY 2023E net profit guidance from DKK 235-265m to DKK 260-290m, corresponding to a ~10% guidance upgrade at the midpoint. The upgrade was driven by an improved outlook in core operations as well as customer resilience which has led to lower-than-expected impairment levels – similar to the reasons behind the guidance upgrade back in June 2023. For FY 2023E, we currently estimate net profit of EUR 260m which is hence in the low end of the new guidance range. In order to reach the midpoint of the new net profit guidance, we would have to lift our FY 2023E net profit estimate by ~6%. BankNordik will publish its Third Quarter financial results on November 2<sup>nd</sup>.

### Other highlights

- We continue to see upside to BankNordik's 2024 targets on Cost/Income and ROE, where we currently estimate 48% (versus <53% target) and 13.7% (versus 12% target), respectively.
- We expect BankNordik to distribute ~40% of its current market cap to shareholders by 2024 in order for the bank to reach the proposed 2024 target of a CET1 ratio equal to 20%
- The BankNordik share is currently trading at a capital adjusted 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	511	517	517
Total costs	237	236	244	254	251	247
LL-ratio	-0.06%	-1.01%	-0.59%	0.11%	0.38%	0.32%
PTP	207	340	208	322	310	315
RoE	7.3%	12.7%	8.5%	14.3%	14.1%	14.9%
RoTBV (adj)	7.1%	9.2%	8.3%	14.0%	13.8%	14.6%
P/E (adj)	9.0	6.8	8.2	5.6	5.8	5.6
P/BV	0.64	0.66	0.72	0.78	0.81	0.83
P/TBV	0.64	0.66	0.72	0.78	0.81	0.83
BIS III CT1-ratio	22.6%	23.8%	21.6%	21.2%	20.0%	20.0%
DPS (ord, DKK)	52.14	40.33	26.12	31.57	31.45	29.33
Dividend Yield	0.00%	34.30%	28.70%	19.20%	21.26%	21.18%
Total payout ratio	3.03	1.42	1.52	1.16	1.19	1.13

*Source: Company data and Nordea estimates*

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