

2 November 2023

Commissioned research: BankNordik – Solid quarter with 8% NII beat

Marketing material commissioned by BankNordik

Q3 NII came in very strong 8% ahead of our estimate while NCI came in roughly in line with our estimate at DKK 19m. Moreover, insurance income was very strong in Q3 and costs were in line with our estimate at DKK 65m in the quarter. Asset quality also remained strong in Q3 with BankNordik still not reporting loan losses which was also one of the key reasons behind the September guidance upgrade. Overall, net profit came in 21% ahead of our estimate, led by strong results on all key lines in the quarter. Finally, the CET1 ratio was 21.8% in Q3, slightly stronger than our estimate. In light of the strong Q3 report, we are likely to make positive EPS revisions in the range 3-7% for 2023-24E and expect the share to be up today.

Quarterly highlights

- Net interest income was 8% above our estimate while NCI came in roughly in line with our estimate. Meanwhile, income from the insurance business beat our estimate by DKK 12m.
- Costs came in at DKK 65m which was in line with our estimate.
- Asset quality remained strong with loan losses of DKK 0m and market value adjustments also beat our expectations in Q3 following some volatile quarters.
- The CET1 ratio came in at 21.8% which was stronger than our estimate and was caused by slightly lower growth in REA than we had anticipated.

BANKNORDIK: DEVIATION TABLE

DKKm	Actual	NDA	Deviation		Actual	q/q	Actual	y/y
	Q3 23	Q3 23E	vs. Actual		Q2 23	growth	Q3 22	growth
Net interest income	96	89	7	8%	86	11%	67	44%
Net fee and commission income	19	19	0	-1%	19	1%	22	-14%
Net insurance income	24	12	12	-	19	25%	11	-
Other income	9	10	-1	-10%	11	-17%	11	-15%
Total Income	148	130	18	14%	135	10%	110	34%
Total Expenses	-65	-65	0	0%	-64	1%	-62	5%
Profit before loan losses	83	65	18	28%	71	18%	48	72%
Loan losses	0	5	-5	-	7	-	12	-
Operating profit	82	70	12	17%	78	5%	60	37%
Market value adjustments	26	19	7	36%	15	75%	-36	-
Non-recurring and industry solutions	0	0	0	-	-6	-	0	-
Pre tax profit	108	89	19	21%	87	24%	24	-
Discontinued operations before tax	0	0	0	-	0	-	0	-
Taxes	-20	-16	-4	21%	-17	16%	-4	-
Net profit	88	73	15	21%	70	26%	20	-
CET1 ratio	21.8%	21.5%	0.3 pp		22.1%	-0.3 pp	22.9%	-1.1 pp

Source: Company Data and Nordea estimates

SUMMARY TABLE - KEY FIGURES

DKKm	2020	2021	2022	2023E	2024E	2025E
Total revenue	387	407	448	507	522	518
Total costs	237	236	244	259	253	249
LL-ratio	-0.06%	-1.01%	-0.59%	-0.26%	0.33%	0.27%
PTP	207	340	208	339	315	317
RoE	7.3%	12.7%	21.6%	15.0%	14.1%	14.5%
RoTBV (adj)	7.1%	9.2%	-4.3%	14.7%	13.8%	14.2%
P/E (adj)	9.0	6.8	n.m.	5.6	6.1	6.0
P/BV	0.64	0.66	0.72	0.83	0.85	0.87
P/TBV	0.64	0.66	0.72	0.83	0.85	0.87
BIS III CT1-ratio	22.6%	23.8%	21.6%	20.9%	20.0%	19.5%
DPS (ord, DKK)	52.14	40.33	26.12	30.50	29.82	27.73
Dividend Yield	0.00%	34.30%	28.70%	19.20%	19.24%	18.81%
Total payout ratio	3.03	1.42	0.60	1.06	1.12	1.04

Source: Company data and Nordea estimates

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Nordea analyst: Jakob Brink

Nordea Financials Team

Nordea | Investment Banking & Equities | Equity Research

Jakob Brink

jakob.brink@nordea.com, +45 55 47 84 98

Rickard Strand

rickard.strand@nordea.com, +46 73 504 36 63

Ulrik Årdal Zürcher

ulrik.ardal.zurcher@nordea.com, +47 24 01 02 76

Anna Jul Bjørn

anna.jul.bjorn@nordea.com, +45 55 47 72 18

Nordea Danmark, filial af Nordea Bank Abp, Finland, Business ID 2858394-9, Patent and Registration Office, CVR no. 25992180, Copenhagen

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