

Good performance in first half-year

4.8.2022 08:02:00 CEST | BankNordik | Half Year financial report

Announcement no. 15/2022

“The positive trends continued in the first half-year, and we’re pleased to report improved core operations and buoyant trends in our insurance operations. Our credit quality is good, and the initiatives we have launched to improve our income/cost balance have been fruitful, putting us on track to deliver on our financial targets for 2024. We maintain our 2022 guidance of net profit of DKK 160-190m subject to the potential consequences of the general economic uncertainty,” said BankNordik CEO Árni Ellefsen.

In June, BankNordik presented the Group’s new and future executive team, as Turið F. Arge and Heini Thomsen joined the Executive Board. Both have attained fit and proper approval from the Danish Financial Supervisory Authority and hold comprehensive professional skills and long-standing management experience that will benefit BankNordik’s future development. To ensure a proper handover process and to maintain the Group’s solid operational foundation, Árni Ellefsen will stay on as CEO, expectedly until after the release of the 2022 annual report, after which Turið F. Arge will take over as CEO.

Highlights of BankNordik’s interim report for the first six months of 2022:

H1 2022 vs. H1 2021

- Operating profit before impairment charges increased from DKK 85m in H1 2021 to DKK 96m in H1 2022.
 - Net interest income rose from DKK 129m in H1 2021 to DKK 130m in H1 2022.
 - Fee and commission income was up by DKK 5m from DKK 38m in H1 2021 to DKK 43m in H1 2022.
 - Net insurance income increased from DKK 21m in H1 2021 to DKK 27m in H1 2022.
 - Other operating income increased from DKK 18m in H1 2021 to DKK 19m in H1 2022.
 - Operating costs rose from DKK 120m in H1 2022 to DKK 123m in H1 2022.
- BankNordik maintains the management estimated provision of DKK 52m originally made due to COVID-19. Although the uncertainty relating to the pandemic has been reduced, the war in Ukraine and financial market volatility have caused increased uncertainty.
- Loan impairment charges were a DKK 31m reversal for the H1 2022 period, against DKK 23m in H1 2021.
- The overall profit before tax was DKK 113m in H1 2022, compared to the H1 2021 figure of 192m, which included non-recurring income and income from divested operations totalling DKK 90m.
 - The investment portfolio yielded a negative return of DKK 14m in H1 2022 against a loss of DKK 7m in H1 2021.

Q2 2022 vs Q1 2022

- BankNordik recorded a profit before impairment charges of DKK 48m (+1%) in Q2 2022, which was on a level with the Q1 2022 figure.
 - Net interest income was DKK 65m in Q2 2022 against DKK 66m in Q1 2022.
 - Fee and commission income amounted to DKK 22m in Q2 2022, which was in line with the Q1 2022 figure.
 - Net insurance income was up by DKK 3m to DKK 15m in Q2 2022 from DKK 12m in Q1 2022.
- - Other operating income fell by DKK 1m to DKK 9m in Q2 2022 from DKK 10m in Q1 2022.
 - Operating costs rose from DKK 61m in Q1 2022 to DKK 62m in Q2 2022.
- Loan impairment charges were a DKK 22m net reversal for the Q2 2022 period against a DKK 10m reversal in Q1 2022. Although the uncertainty connected to the COVID-19 pandemic has been reduced, the Bank will maintain its management estimated provision of DKK 52m due to the uncertainty relating to the war in Ukraine and general financial market volatility.
- The overall profit before tax was DKK 54m in Q2 2022 against DKK 59m in Q1 2022.
 - Investment portfolio earnings amounted to a loss of DKK 16m in Q2 2022 compared to earnings of DKK 2m in Q1 2022.
- Bank lending volumes were up by DKK 41m (1%) from DKK 7,684m at 31 March 2022 to DKK 7,724m at 30 June 2022.
- Mortgage-broking services were up by DKK 3m (+0%) from DKK 2,727m at 31 March 2022 to DKK 2,730m at 30 June 2022.

- Deposits were up by DKK 850m (11%) from DKK 8,047m at 31 March 2022 to DKK 8,897m at 30 June 2022.

Capital ratios

At 30 June 2022, the Group had a CET 1 capital ratio of 23.3% against 23.8% at 31 March 2022. The total capital ratio including MREL was 32% at 30 June 2022 against 32.9% at 31 March 2022.

Guidance for 2022

On 23 May, the Bank upgraded its net profit guidance for 2022 from DKK 130-160m to DKK 160-190m, which guidance is confirmed. This guidance is subject to uncertainty, including impairment on loans and advances, market value adjustments, and macroeconomic developments in the markets in which the Group operates.

For further information, please call:

Árni Ellefsen, CEO, tel. (+298) 230 348

Appendix: H1 2022 financial highlights and comparative figures

Highlights and ratios									
DKKm	Q2 2022	Q1 2022	Index	Q4 2021	Q3 2021	Q2 2021	H1 2022	H1 2021	Index
Net interest income	65	66	99	66	65	66	130	129	101
Net fee and commission income	22	22	101	23	19	20	43	38	114
Net insurance income	15	12	133	6	7	14	27	21	127
Other operating income (less reclassification)	9	10	88	8	8	9	19	18	104
Operating income	111	109	102	103	99	109	219	206	106
Operating costs	-62	-61	103	-57	-59	-61	-123	-120	103
Sector costs	0	0		0	0	0	-1	-1	
Profit before impairment charges	48	48	101	46	40	48	96	85	112
Impairment charges, net	22	10	224	40	13	27	31	23	134
Operating profit	70	57	121	86	53	75	127	109	117
Non-recurring items	0	0		6	2	4	0	81	
Profit before investment portfolio earnings and tax	70	57	121	93	54	79	127	190	67
Investment portfolio earnings	-16	2	-998	2	-1	-4	-14	-7	198
Profit before tax, continuing operations	54	59	91	95	53	75	113	182	62
Profit before tax, discontinued operations	0	0		0	0	0	0	9	-
Profit before tax, total	54	59	91	95	53	75	113	192	59
Tax	10	12	87	17	11	15	22	39	57
Net profit	43	47	92	78	41	59	90	153	59
Loans and advances	7.724	7.684	101	7.624	7.594	7.586	7.724	7.586	102
Deposits and other debt	8.897	8.047	111	7.914	7.435	7.660	8.897	7.660	116
Mortgage credit	2.730	2.727	100	2.657	2.609	2.502	2.730	2.502	109
Equity	1.737	1.697	102	2.036	2.410	2.369	1.737	2.369	73
Total capital ratio, incl. MREL capital, %	32,0	32,9		29,6	31,7	31,3	32,0	31,3	
CET 1 capital, %	23,3	23,8		23,8	26,1	25,7	23,3	25,7	

ROE, %	10,1	10,1		13,3	6,8	9,7	9,6	10,1	
ROE, excl. one-offs, %	10,1	10,1		13,1	6,7	9,6	9,6	7,0	
Liquidity Coverage Ratio (LCR), %	223,4	198,4		191,4	185,9	202,5	223,4	202,5	
Operating cost/income, %	56	56		55	59	56	56	58	
Number of FTE, end of period	203	199	102	195	199	195	203	195	104

Attachments

- [Interim Report H1 2022.pdf](#)
- [IR presentation H1 2022.pdf](#)