

## Core operations improved in 2022

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### Announcement no. 3/2023

“We’re pleased to report solid full-year financial results and to deliver a 10% increase in our core banking operations relative to 2021. The positive performance was driven by the initiatives we launched to improve our income/cost ratio and supported by the improving interest rate environment, which we expect will provide additional support to our earnings in the coming years,” said BankNordik CEO Árni Ellefsen.

“In light of the favourable developments in our core banking operations and the strong interest rate environment, we have revised our financial targets for 2024, raising the targets for ROE and the payout ratio, and lowering the cost/income target. We’ve had a confident start to the new year and we’re committed to providing our customers with good digital solutions and to create value for our shareholders,” said Ellefsen.

The turbulence in the financial markets had a negative impact on our investment portfolio in 2022, causing us to lower our FY net profit guidance in October, but that was fully offset by an upgrade announced at the end of the year. We delivered a profit after tax of DKK 164m, and we intend to recommend a dividend of DKK 250m (DKK 26.04 per share) at the annual general meeting to be held on 31 March, consisting of DKK 135m for capital optimisation purposes and DKK 115m representing 70% of the net profit for 2022.

### Highlights of BankNordik's annual report for 2022:

#### Q4 2022 relative to Q3 2022

- Operating profit before impairment charges increased from DKK 48m in Q3 2022 to DKK 59m in Q4 2022.
  - Net interest income amounted to DKK 72m in Q4 2022, up by DKK 6m over Q3 2022.
  - Fee and commission income was up by DKK 1m from DKK 22m in Q3 2022 to DKK 23m in Q4 2022.
  - Net insurance income amounted to DKK 14m in Q4 2022, which was a DKK 3m increase quarter on quarter.
  - Other operating income amounted to DKK 8m in Q4 2022, which was DKK 3m less than the Q3 figure.
  - Operating costs amounted to DKK 58m in Q4, which was DKK 4m less than in Q3 2022.
- Impairment was a net reversal of DKK 3m in Q4 2022, compared to a DKK 12m net reversal in Q3 2022.
  - The investment portfolio yielded a gain of DKK 8m in Q4 2022, against a loss of DKK 36m in Q3 2022.
- The overall profit before tax for Q4 2022 was DKK 70m, against DKK 24m in Q3 2022.

#### Q1-Q4 2022 vs Q1-Q4 2021

- BankNordik reported operating profit before impairment charges of DKK 202m for Q1-Q4 2022, a DKK 31m (+18%) improvement on Q1-Q4 2021.
  - Net interest income was up by DKK 10m to DKK 270m in Q1-Q4 2022 compared to DKK 260m in Q1-Q4 2021.
  - Fee and commission income was up by DKK 9m to DKK 88m in Q1-Q4 2022 from DKK 79m in Q1-Q4 2021.
  - Net insurance income was up by DKK 18m in Q1-Q4 2022 to DKK 52m as claims expenses fell relative to Q1-Q4 2021.
- - Other operating income was up by DKK 3m to DKK 37m in the Q1-Q4 2022 period compared to Q1-Q4 2021.
  - Operating costs amounted to DKK 243m in Q1-Q4 2022, an increase of DKK 8m over Q1-Q4 2021.
- Impairment charges were a net reversal of DKK 47m in Q1-Q4 2022, compared to a DKK 77m net reversal in Q1-Q4 2021. BankNordik has raised the management estimated provision from DKK 52m to DKK 56m due to the general economic uncertainty.
- The investment portfolio yielded a loss of DKK 43m in Q1-Q4 2022 against a loss of DKK 6m in Q1-Q4 2021.
- The overall profit before tax was DKK 207m in Q1-Q4 2022 against DKK 330m in Q1-Q4 2021.
- Bank lending volumes were up by 6% from DKK 7,624m at 31 December 2021 to DKK 8,083m at 31 December 2022.
- Mortgage-broking services fell from DKK 2,657m at 31 December 2021 to DKK 2,648m at 31 December 2022.
- Deposits were up by 6% from DKK 7,914m at 31 December 2021 to DKK 8,351m at 31 December 2022.

### Capital ratios

At 31 December 2022, the Group had a CET 1 capital ratio of 21.6%, against 23.8% at 31 December 2021. The total capital ratio including MREL was 29.9% at 31 December 2022 against 29.6% at 31 December 2021.

### Guidance for 2023

BankNordik's management is guiding for FY 2023 net profit in the DKK 190-220m range (FY 2022: DKK 164m. The guidance is subject to uncertainty and will, amongst other things, depend on economic conditions, developments in the Group's markets, loan impairments and market value adjustments.

### For further information, please call:

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BankNordik has banking activities in Greenland and the Faroe Islands and insurance activities in the Faroe Islands. Founded in the Faroe Islands more than a century ago, the Group has total assets of DKK 12.2bn and 200 employees. The Bank is subject to the supervision of the Danish Financial Supervisory Authority and is listed on Nasdaq Copenhagen.

### Appendix: Q1-Q4 2022 financial highlights and comparative figures

#### Highlights and ratios:

DKKm	Q4 2022	Q3 2022	Index	Q2 2022	Q1 2022	Q4 2021	2022	2021	Index
Net interest income	72	67	108	65	66	66	270	260	104
Net fee and commission income	23	22	104	22	22	23	88	79	111
Net insurance income	14	11	129	15	12	6	52	34	154
Other operating income (less reclassification)	8	11	70	9	10	8	37	34	108
Operating income	117	110	106	111	109	103	447	407	110
Operating costs	-58	-62	93	-62	-61	-57	-243	-235	103
Sector costs	0	0		0	0	0	-1	-1	
Profit before impairment charges	59	48	122	48	48	46	202	171	118
Impairment charges, net	3	12	29	22	10	40	47	77	61
Operating profit	62	60	104	70	57	86	249	248	101
Non-recurring items	0	0		0	0	6	0	89	
Profit before investment portfolio earnings and tax	62	60	104	70	57	93	249	337	74
Investment portfolio earnings	8	-36	-22	-16	2	2	-43	-6	667
Profit before tax, continuing operations	70	24	294	54	59	95	207	330	63
Profit before tax, discontinued operations	0	0		0	0	0	0	9	-
Profit before tax, total	70	24	294	54	59	95	207	340	61
Tax	16	4	443	10	12	17	42	67	63

Net profit	54	20	267	43	47	78	164	272	60
Loans and advances	8.083	7.977	101	7.724	7.684	7.624	8.083	7.624	106
Deposits and other debt	8.351	8.225	102	8.897	8.047	7.914	8.351	7.914	106
Mortgage credit	2.648	2.652	100	2.730	2.727	2.657	2.648	2.657	100
Equity	1.817	1.756	103	1.737	1.697	2.036	1.817	2.036	89
Total capital ratio, incl. MREL capital, %	29,9	31,4		32,0	32,9	29,6	29,9	29,6	
CET 1 capital, %	21,6	22,9		23,3	23,8	23,8	21,6	23,8	
ROE, %	12,1	4,6		10,1	10,1	13,3	8,5	12,6	
ROE, excl. one-offs, %	12,1	4,6		10,1	10,1	13,1	8,5	9,0	
Liquidity Coverage Ratio (LCR), %	225,2	225,8		223,4	198,4	191,4	225,2	191,4	
Operating cost/income, %	49	56		56	56	55	54	58	
Number of FTE, end of period	200	201	100	203	199	195	200	195	103

## Attachments

- [Annual Report 2022.pdf](#)
- [IR presentation Q4 2022.pdf](#)
- [Risk Management Report 2022.pdf](#)
- [banknordik-2022-12-31-en.zip](#)