

Good performance in Q1

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“We’re pleased to report solid financial results for the first quarter, as we improved our net profit by 30% year on year. The strong performance was driven especially by the persistently sound credit quality and resilience to inflationary pressures of our customer portfolio, which enabled reversals of impairment losses during the period. Although income from our insurance operations came in below our expectations, we upgraded our full-year net profit guidance in April due to the improved outlook for our core operations. While we see good prospects for the rest of the year, we have decided to raise the management estimated provision from DKK 56m to DKK 65m in light of the generally uncertain economic environment,” said BankNordik CEO Árni Ellefsen.

Highlights of BankNordik's interim report for the three months to 31 March 2023:

Q1 2023 vs Q1 2022

- Operating profit before impairment charges increased from DKK 48m in Q1 2022 to DKK 49m in Q1 2023.
 - Net interest income rose from DKK 66m in Q1 2022 to DKK 78m in Q1 2023.
 - Fee and commission income amounted to DKK 21m in Q1 2023, which was in line with the Q1 2022 income. Net insurance income amounted to DKK 5m in Q1 2023, a DKK 7m decline relative to Q1 2022.
 - Other operating income amounted to DKK 8m in Q1 2023, which was DKK 2m less than the Q1 2022 figure.
 - Operating costs amounted to DKK 63m in Q1 2023, which was a DKK 3m increase relative to Q1 2022.
- Non-recurring items amounted to DKK 3m in Q1 2023 against DKK 0m in Q1 2022.
- Impairment was a net reversal of DKK 8m in Q1 2023, compared with a DKK 10m net reversal in Q1 2022.
- The overall profit before tax for Q1 2023 was DKK 75m against DKK 59m for Q1 2022.
 - The investment portfolio yielded a return of DKK 22m in Q1 2023, against DKK 2m in Q1 2022.

Q1 2023 vs Q4 2022

- BankNordik reported operating profit before impairment of DKK 49m in Q1 2023, a drop of DKK 10m from Q4 2022.
 - Net interest income amounted to DKK 78m in Q1 2023, which was a DKK 5m improvement on Q4 2022.
 - Fee and commission income fell by DKK 2m to DKK 21m in Q1 2023 from DKK 23m in Q4 2022.
 - Net insurance income fell by DKK 9m in Q4 2022 to DKK 5m in Q1 2023.
- - Other operating income amounted to DKK 8m in Q1 2023, which was a DKK 1m increase relative to Q4 2022.
 - Operating costs for Q1 2023 amounted to DKK 63m, which was a DKK 5m increase relative to Q4 2022.
- Non-recurring items amounted to DKK 3m in Q1 2023 against DKK 0m in Q4 2022.
- Loan impairment charges were an DKK 8m net reversal for the Q1 2023 period against a DKK 3m reversal in Q4 2022.
- The overall profit before tax for Q1 2023 was DKK 75m against DKK 70m in Q4 2022.
 - The investment portfolio yielded a return of DKK 22m in Q1 2023, against DKK 8m in the preceding quarter.
- Bank lending volumes were up by 3% from DKK 8,083m at 31 December 2022 to DKK 8,354m at 31 March 2023.
- Brokered mortgage-credit fell by 1% from DKK 2,648m at 31 December 2022 to DKK 2,634m at 31 March 2023.
- Deposits were up by 2% from DKK 8,351m at 31 December 2022 to DKK 8,506m at 31 March 2023.

Capital ratios

At 31 March 2023, the Group had a CET 1 capital ratio of 21.0%, against 21.6% at 31 December 2022. The total capital ratio including MREL was 29.1% at 31 March 2023 against 29.9% at 31 December 2022.

Guidance for 2023

On 18 April 2023, the Bank raised its FY 2023 net profit guidance from DKK 190–220m as originally guided to DKK 210–240m. The guidance is generally subject to uncertainty and will, amongst other things, depend on economic developments, loan impairment charges and market value adjustments.

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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 12.5bn and 201 employees. The Bank is subject to the supervision of the Danish Financial Supervisory Authority and is listed on Nasdaq Copenhagen.

Appendix: Q1 2023 financial highlights and comparative figures:

DKKm	Q1 2023	Q4 2022	Index	Q3 2022	Q2 2022	Q1 2022	Q1 2023	Q1 2022	Index
Net interest income	78	72	107	67	65	66	78	66	118
Net fee and commission income	21	23	93	22	22	22	21	22	99
Net insurance income	5	14	34	11	15	12	5	12	42
Other operating income (less reclassification)	8	8	110	11	9	10	8	10	84
Operating income	112	117	96	110	111	109	112	109	103
Operating costs	-63	-58	109	-62	-62	-61	-63	-61	104
Sector costs	0	0		0	0	0	0	0	
Profit before impairment charges	49	59	82	48	48	48	49	48	102
Impairment charges, net	8	3	249	12	22	10	8	10	87
Operating profit	57	62	92	60	70	57	57	57	99
Non-recurring items	-3	0		0	0	0	-3	0	
Profit before investment portfolio earnings and tax	54	62	86	60	70	57	54	57	93
Investment portfolio earnings	22	8	275	-36	-16	2	22	2	1354
Profit before tax	75	70	108	24	54	59	75	59	128
Tax	14	16	87	4	10	12	14	12	119
Net profit	61	54	114	20	43	47	61	47	130
Loans and advances	8.354	8.083	103	7.977	7.724	7.684	8.354	7.684	109
Deposits and other debt	8.506	8.351	102	8.225	8.897	8.047	8.506	8.047	106
Mortgage credit	2.634	2.648	99	2.652	2.730	2.727	2.634	2.727	97
Equity	1.626	1.817	89	1.756	1.737	1.697	1.626	1.697	96
Total capital ratio, incl. MREL capital, %	29,1	29,9		31,4	32,0	32,9	29,1	32,9	
CET 1 capital, %	21,0	21,6		22,9	23,3	23,8	21,0	23,8	
ROE, %	14,7	12,1		4,6	10,1	10,1	14,7	10,1	

ROE, excl. one-offs, %	14,9	12,1		4,6	10,1	10,1	14,9	10,1	
Liquidity Coverage Ratio (LCR), %	220,0	225,2		225,8	223,4	198,4	220,0	198,4	
Operating cost/income, %	56	49		56	56	56	56	56	
Number of FTE, end of period	201	200	101	201	203	199	201	199	101

Attachments

- [Interim Report Q1 2023.pdf](#)
- [IR presentation Q1 2023.pdf](#)