15 October 2021

Commissioned research: BankNordik – Another guidance upgrade

Marketing material commissioned by BankNordik

BankNordik has this afternoon upgraded its 2021 net profit guidance to DKK 230-250m (previously DKK 190-220m). We estimate DKK 218m. The guidance upgrade is mainly led by lower loan losses than expected. Furthermore, Q3 2021 operating profit has also been strong, despite higher-than-expected insurance claims according to BankNordik. We have previously suggested that the increased focus on its core business following the sale of its Danish activities could lead to increased profitability. This seems to materialise earlier and to a greater extent than we expected. We hence find it likely that 2022-23 EPS consensus estimates will come slightly up following the guidance upgrade. Our Gordon growth model-based fair value range is DKK 192-215 per share.

SUMMARY TABLE - KEY FIGURES

DKKm	2018	2019	2020	2021E	2022E	2023E
Total revenue	635	658	387	411	421	428
Total costs	457	473	237	236	229	232
LL-ratio	-1.16%	-1.06%	-0.05%	-0.28%	0.19%	0.32%
PTP	324	261	207	273	177	171
RoE	13.5%	9.7%	7.3%	10.3%	7.4%	7.5%
RoTBV (adj)	10.2%	10.3%	7.1%	7.0%	7.1%	7.1%
P/E (adj)	5.4	4.8	9.0	11.2	12.2	12.7
P/BV	0.52	0.46	0.64	0.84	0.89	0.92
P/TBV	0.52	0.46	0.64	0.84	0.89	0.92
BIS III CT1-ratio	17.6%	18.8%	22.6%	29.2%	27.9%	26.7%
DPS (ord, DKK)	7.32	7.00	5.00	58.57	20.62	20.33
Dividend Yield	3.77%	6.74%	6.42%	3.29%	33.56%	11.82%
Total payout ratio	0.27	0.40	0.33	2.56	1.37	1.40

Source: Company data and Nordea estimates

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