Nordea

Commissioned Equity Research

Flash comment

28 January 2022

Commissioned research: BankNordik - 2021 net profits 13% above our estimate – 2022 outlook to trigger minor positive EPS revisions

Marketing material commissioned by BankNordik

Today (Jan 28) BankNordik has adjusted its net profit guidance for 2021 and provided an initial outlook for 2022. In terms of the 2021 guidance, BankNordik now expects FY net profits of DKK ~270m (previously DKK 230-250m). We estimate 2021 net profit of DKK 239m, i.e. the new guidance implies a 13% beat to our estimates on a full-year basis and whole 73% beat on quarterly basis for Q4 2021. According to the announcement, the guidance revision is driven by solid asset quality as well as operational improvements. BankNordik does not provide details on the split, however, we believe the majority of the upgrade is driven by loans loss reversals (i.e. low quality) - in line with what we have seen from the other Danish banks ahead of Q4 2021. In terms of the new 2022 outlook, BankNordik expects net profits in the range DKK 130-160m. We estimate 2022 net profits of DKK 143m, which leaves us slightly below the new guidance midpoint. We expect to make minor positive EPS revisions following today's announcement.

SUMMARY TABLE - KEY FIGURES

DKKm	2018	2019	2020	2021E	2022E	2023E
Total revenue	635	658	387	411	424	432
Total costs	457	473	237	240	233	233
LL-ratio	-1.16%	-1.06%	-0.05%	-0.64%	0.20%	0.32%
PTP	324	261	207	300	176	174
RoE	13.5%	9.7%	7.3%	11.2%	7.9%	8.9%
RoTBV (adj)	10.2%	10.3%	7.1%	7.9%	7.6%	8.6%
P/E (adj)	5.4	4.8	9.0	8.5	9.9	9.0
P/BV	0.52	0.46	0.64	0.72	0.80	0.75
P/TBV	0.52	0.46	0.64	0.72	0.80	0.75
BISS III CT1-ratio	17.6%	18.8%	22.6%	26.6%	22.3%	20.6%
DPS (ord, DKK)	7.32	7.00	5.00	59.65	37.59	9.30
Dividend Yield (ord)	6.74%	6.42%	3.29%	39.51%	24.89%	6.16%
Total payout ratio	0.27	0.40	0.33	2.38	2.25	1.57

Source: Company data and Nordea estimates

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