

Banks

**Key data**

Price (DKK)*	168
Country	Denmark
Bloomberg	SPKSJF DC
Reuters	SPKSJF.CO
Free float	79.0%
Market cap (DKKm)	2,910
No. of shares (m)	17.4
Next event	Q2: 11-Aug

\* Price as at 14:00 CET on 11 May 2022

CEO	Lars Petersson
CFO	Jens Trane

Company description

Sparekassen Sjælland-Fyn A/S provides banking products and services in Denmark. Its products and services include net banking, commercial insurance, mobile banking, rental of commercial lease, financing, insurance and pension.

Ownership structure

Sydbank A/S	5.3%
AP Pension	5.3%
Købstædernes Forsikring	5.2%

Source: Company data (11 May 2022)

Estimate changes

	22E	23E	24E
NII	1.9%	2.4%	3.0%
PPP	-7.8%	4.6%	6.0%
EPS (adj.)	-7.2%	6.6%	18.6%

Source: Danske Bank Equity Research estimates

Analyst(s)

Asbjørn Nicholas Mørk

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<https://research.danskebank.com>

Important disclosures and certifications are contained from page 12 of this report

# Sparekassen Sjælland-Fyn

## Going from strength to strength

**After successfully completing the ‘New Ways’ strategy, the new ‘Towards New Goals’ strategy adds excitement to the investment case. If management delivers, we see 25-52% upside potential to our mid-term estimates, and possibly a solid share price catalyst. Strong operational momentum on both income and costs remains key. We see a fair value range of DKK183-215/share (from DKK173-203), 9-28% above current levels.**

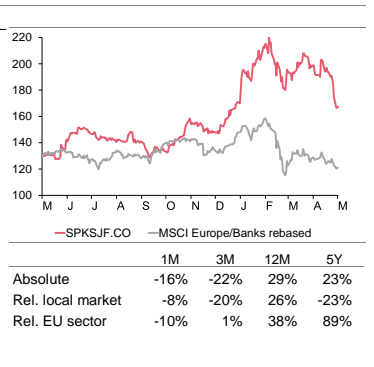
- **Solid start to 2022.** Q1 22 showed solid NII and fee income momentum, while bank lending remained muted but should show growth going forward. Negative market value adjustments adversely affected Q1, while costs rose 7% y/y. The cost increase, however, was caused mainly by investments on the back of the new strategy. As the bank’s home market continues to benefit from high economic activity, we expect bank lending to recover in the coming quarters, while off-balance sheet activity and revenues continue to improve. Impressive growth figures in Totalkredit/DLR, Asset management and insurance sales are driving high-quality fee income substantially higher. In total, Sparekassen Sjælland-Fyn more than doubled pre-provision profits in 2021 versus 2018, an achievement no other Danish bank was able to deliver, and we expect operational improvements to continue. In addition, credit quality remained exceptionally strong with 61% of total exposures within the FSA’s best category ‘3/2a’.
- **New strategy offers a potential new catalyst.** The new strategy for 2025-26, ‘Towards New Goals’, is timely, prudent and shows confidence, in our view. The business model is now stronger than ever thanks to successful completion of ‘New Ways’. The >10% ROE ambition and cost/income ratio below 50% imply 25-52% upside to our 2025-26 estimates.
- **Solid growth and capital distribution targets.** Sparekassen Sjælland-Fyn targets 4-8% annual growth in total business volumes. This leaves room for a flat DKK6 DPS ahead, with scope for topping up via buybacks.
- **Valuation.** SPKSJF trades at an adj P/E (22E) of 8.8x. We estimate a fair value range of DKK183-215/share (previously DKK173-203), 9-28% above the current share price.

### Key financials

Year-end Dec (DKK)	2020	2021	2022E	2023E	2024E
NII (m)	557	582	598	617	633
Lending growth	-2.2%	1.0%	3.3%	2.0%	2.0%
Total revenues (m)	1,186	1,263	1,228	1,320	1,352
Pre-provision profits (PPP) (m)	368	484	432	520	540
PPP growth	38.0%	31.7%	-10.9%	20.5%	3.7%
Loan losses (m)	-161	24.8	3.0	-50.2	-71.6
PTP (m)	242	531	451	486	484
EPS (adj.)	9.58	22.7	19.1	21.8	22.8
DPS	0.00	6.00	6.00	6.00	6.00
Dividend yield		3.6%	3.6%	3.6%	3.6%
C/I	69.0%	61.7%	64.8%	60.6%	60.1%
PPP/avg. lending	3.04%	4.03%	3.52%	4.13%	4.20%
Loan loss ratio	1.33%	-0.21%	-0.02%	0.40%	0.56%
Equity tier-1 ratio	18.4	19.7	18.9	19.1	19.3
RoNTA	0.0%	0.0%	0.0%	0.0%	0.0%
P/E (adj.) (x)	9.4	7.3	8.8	7.7	7.4
P/NTA	0.54	0.86	0.81	0.73	0.67

Source: Company data, Danske Bank Equity Research estimates

### Price performance



Source: FactSet

### Not for US distribution

### *Investment case*

In our view, Sparekassen Sjælland-Fyn ticks all the right boxes of a potentially attractive investment, diverging from the general earnings pressure that the sector is facing.

The bank has a clear niche strategy from its physical presence, with strong 11% customer inflow in recent years and a better track record than peers in converting customer inflow into both business volumes and AUM growth. Its home market is less competitive than that of some Nordic peers and it benefits from Totalkredit's lower mortgage prices. A Bankdata setup makes it appear a potential takeover target, but with clear financial targets, management is keen to deliver standalone.

### **Valuation and methodology for deriving valuation range**

Our capital- and risk-adjusted Gordon Growth model returns a fair value range of DKK183-215/share (previously DKK173-203). This is 9-28% above the current share price. In the range, we apply a cost of capital range of 9.5-10.5% and 60-80bp of normalised loan losses (previously 8.5-10.5% cost of capital and 50-70bp of normalised loan loss provisions).

### **Risks**

#### **Macroeconomic exposures**

Like its peers, Sparekassen Sjælland-Fyn is exposed to macroeconomic developments, including economic activity and interest rate levels.

#### **NII pressure from competition**

Margin pressure and/or lower credit growth due to intensified competition, lower interest rate levels and lower general credit demand would be key risks, in our view.

#### **A market switch to digital distribution channels**

Sparekassen Sjælland-Fyn has one of the largest physical distribution networks in Denmark relative to its total size. While we see it as a key asset today, changed customer behaviour and/or the emergence of new technology could leave Sparekassen Sjælland-Fyn with a costly and obsolete platform.

#### **Higher costs**

Management has a clear ambition of lowering costs in the coming years, while at the same time increasing business volumes and income. The bank has been able to lower full-time employees (FTEs) and hence costs in recent quarters, but general wage inflation and competition for key FTEs could drive costs higher. At the same time, IT costs are rising, namely within Bankdata, where IT investments are rising. In 2018, the bank's IT costs to Bankdata rose by DKK18m, a development that was seen as unsatisfactory.

#### **A deterioration in credit quality**

Sparekassen Sjælland-Fyn has grown lending materially in recent years, and from 2016-18 the bank attracted an accumulated 11% new customers. Higher growth and new customer inflow could potentially trigger excessive risk taking and as a result higher loan loss provisions. However, considering the lending portfolio churn in the past decade to a more residentially dominated lending book, we are not concerned.

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### *New strategy to build on*

After a strong end to 2021 and excellent delivery on the 'New Ways' strategy, we are pleased to see management announce a new strategy for 2025-26 called 'Towards New Goals'. The former strategy, New Ways, in our view centred on fixing the business model, where the bank's structural profitability had come down to an unsustainable level. The new strategy is thus a continuation and a further strengthening of the business model.

The new targets are:

- Cost/income ratio below 50% by 2026
- ROE after tax of >10% for the period
- DPS equal to 25% of net profits with share buybacks on top
- A solvency capital ratio of at least 20% (21.9% at Q1 22)
- 4-8% annual growth to total business volumes.

If Sparekassen Sjælland-Fyn delivers, there should be plenty of value-add for shareholders, too. We estimate a 22-23% solvency capital ratio for 2022-25, hence there could be capital distribution upside relative to our estimates or lowered use of tier-2 capital instruments ahead.

In addition, we estimate a cost/income ratio of 60% for FY2025. Hence, delivering on the target could see costs for 2026E come in 16% below our current estimate or alternatively income come in 19% higher. Keeping all other parameters unchanged, delivering on the 50% cost/income target would lift 2026E net profits by 25-52% versus our current estimates.

The new targets look ambitious to us; however, so did the New Ways targets when they were launched, and despite negative rates and COVID-19 headwinds, management delivered successfully here.

### *Strong start to 2022 on NII*

NII grew slightly in Q1, to DKK146m. Lending fell q/q, mainly from loan repayments, while the strong credit uptick seen at peers was not evident for Sparekassen Sjælland-Fyn, which we attribute to a different corporate client mix. We expect credit demand to pick up from Q2 22 as state guaranteed loans are repaid.

Customer inflow continues, which was particularly evident on off-balance activities. We note that Totalkredit lending rose 6.5% y/y and 1.5% q/q to DK35.5bn. DLR's loans also rose materially to DKK12.8bn, equal to 5.5% y/y growth.

With the above non-balance sheet volumes in mind, total core lending grew 0.9% in Q1 22 to DKK60.2bn or 4.3% higher y/y.

### *Not for US distribution*

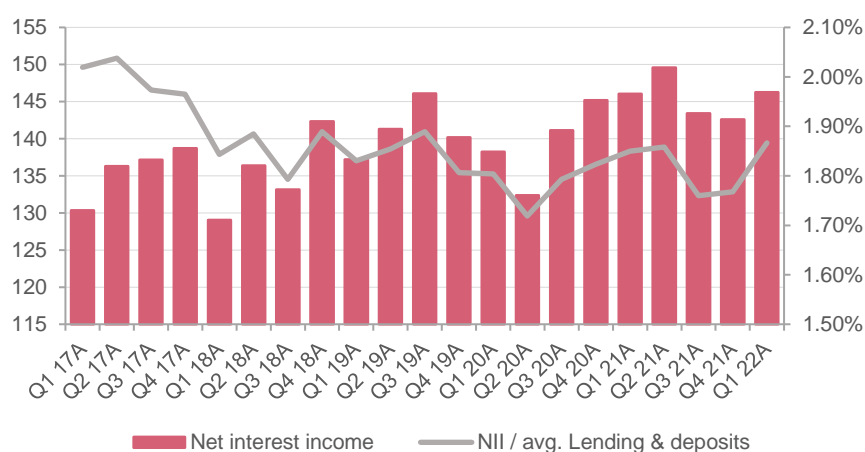
Sparekassen Sjælland-Fyn, interim data

DKKm	Q1 21A	Q2 21A	Q3 21A	Q4 21A	Q1 22A	Q2 22E	Q3 22E	Q4 22E
Net interest income	146	150	143	143	146	147	152	153
Net commission income	164	168	152	152	178	176	158	158
NII and net fee income	310	317	295	295	325	324	309	311
Core capital gains	13	-4	13	8	-36	-19	-2	-2
Other income	3	4	4	4	3	5	5	5
Total core income	327	317	312	307	292	310	312	314
Core banking costs	-185	-200	-192	-202	-199	-201	-193	-204
Profits, associated companies	5	4	9	4	5	4	4	4
Profits before loan losses	147	121	129	109	98	113	124	114
Loan loss provisions	15	19	-10	1	3	0	0	0
Core earnings after loan losses	162	140	119	110	101	113	124	114
Net Extraordinary	0	0	0	0	0	0	0	0
Pretax profits	162	140	119	110	101	113	124	114
Tax	-18	-30	-21	-18	-18	-17	-19	-17
Net profits before AT-1 costs	144	109	99	92	82	96	105	97
Minority interests / AT-1	-6	-6	-6	-6	-6	-6	-6	-6
Net profits	138	103	92	86	76	90	99	91
Normalised profits	122	105	88	81	74	83	92	84
EPS, net profits	7.92	5.95	5.32	4.93	4.40	5.17	5.70	5.24
EPS, adj.	7.02	6.02	5.07	4.66	4.25	4.76	5.27	4.85
BV/Share	180.6	186.3	191.5	196.2	196.7	201.9	207.6	212.9
NTA/share	175.3	181.1	186.2	191.0	191.5	196.7	202.4	207.6
No. of shares, year-end	17.4	17.4	17.4	17.4	17.4	17.4	17.4	17.4
No. of shares, average	17.4	17.4	17.4	17.4	17.4	17.4	17.4	17.4
Tier-1 ratio	16.8%	16.9%	17.3%	19.7%	18.4%	18.1%	17.8%	18.9%
CET-1 ratio	14.7%	14.8%	15.1%	17.5%	16.2%	15.9%	15.6%	16.8%
RoNAV	18.8%	13.4%	11.5%	10.4%	9.3%	10.7%	11.3%	10.2%
Return on Equity	18.2%	13.0%	11.2%	10.1%	9.1%	10.4%	11.0%	9.9%
Return on Equity, before tax	21%	18%	14%	13%	12%	13%	14%	12%
Cost/Income ratio	57%	63%	61%	66%	68%	65%	62%	65%
Lending	12,344	12,194	12,117	12,067	11,924	12,281	12,374	12,466
NII / avg. Lending & deposits	1.85%	1.86%	1.76%	1.77%	1.87%	1.85%	1.86%	1.86%
Loan loss ratio, lending +guarantees	-0.31%	-0.36%	0.20%	-0.02%	-0.06%	0.00%	0.00%	0.00%
REA	17,896	17,763	17,105	17,017	17,310	17,440	17,571	17,702

Note: per share data in DKK

Source: Company data, Danske Bank Equity Research estimates

Net interest income and margin development



Source: Company data, Danske Bank Equity Research

Fee income continues to impress

Fee and commission income came in at DKK178m, including dividend income. This is solid compared with previous years and the strong delivery continues.

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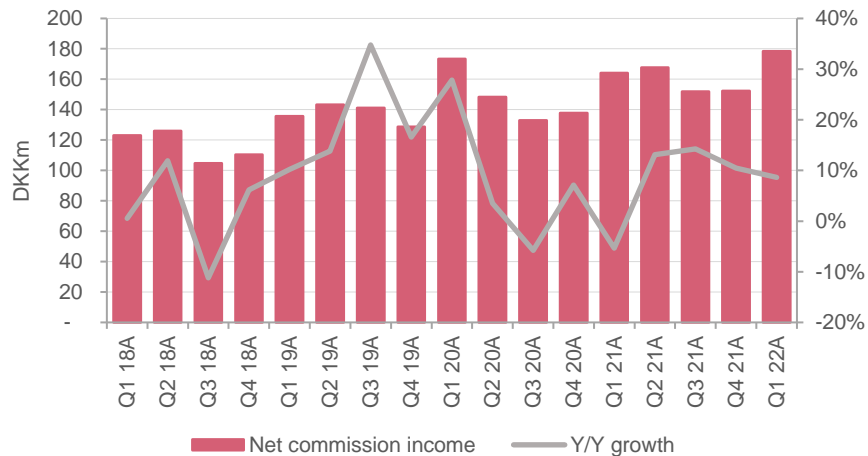
Fee income rose 9% y/y. We are very pleased to see off-balance activities and volume-based fee income drive high-quality fee income lines substantially higher. As a result, guarantee commission income rose 9% y/y while asset management rose 14%.

On activity-based fees, we note payment fees rose 29% y/y but also note that remortgaging and lending fee income fell 19% while trading & custody was flat y/y.

We also note that 'other' fee income continues to grow, as Sparrekasse Sjælland-Fyn is successful in distributing insurance and pension product sales.

The 2022 fee income outlook is promising, in our view.

*Net fee and commission income, quarterly*

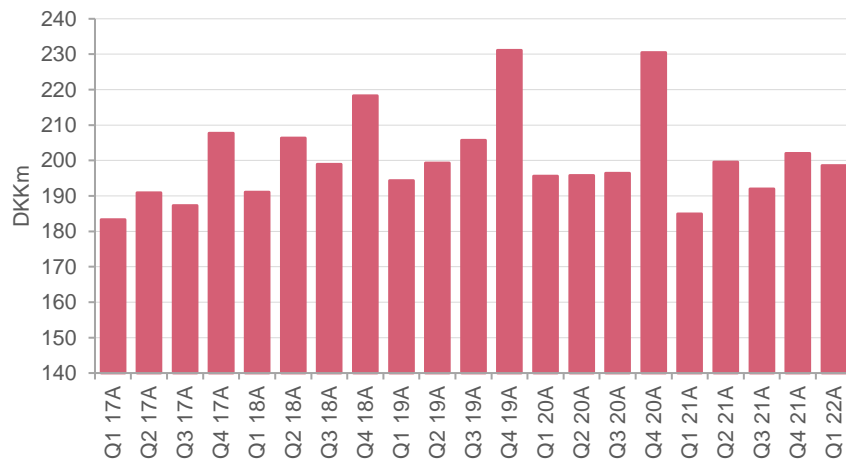


Source: Company data, Danske Bank Equity Research

*Costs higher due to one-offs*

Total costs came in at DKK199m in Q1 22. Staff costs rose 8% y/y while other administrative costs rose 7%. Sparrekassen Sjøælland-Fyn has clearly delivered on the cost plans in the New Ways strategy and we do not consider the Q1 22 cost base a sign that cost focus is less intense from now. While total costs rose 7% y/y, a major part of this was investments in future growth. Adjusted for this, costs rose 3% y/y, which we find prudent in the current environment.

*Cost development, quarterly*

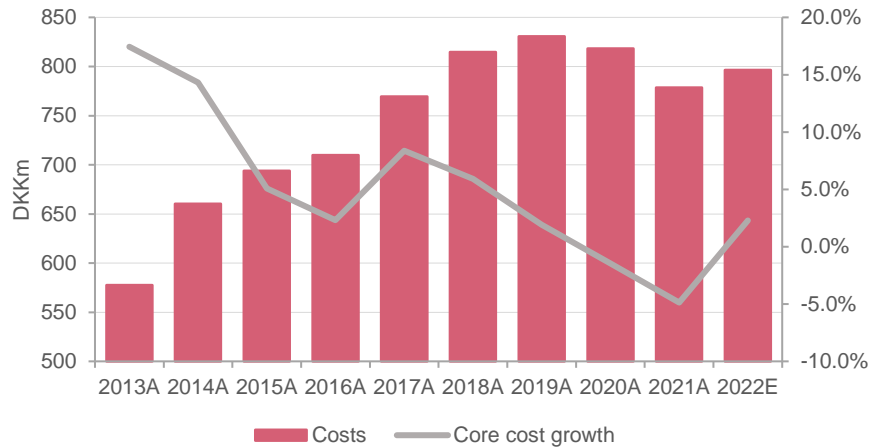


Source: Company data, Danske Bank Equity Research

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Costs could be on the rise in 2022E, given inflation and rising credit demand. However, we would prefer banks to invest in income growth when prudent, and in this case, we see good arguments for investing further. After all, few banks have done as much as Sparekassen Sjælland-Fyn in recent years when it comes to managing income and costs simultaneously.

*Cost development, annually*



Source: Company data, Danske Bank Equity Research estimates

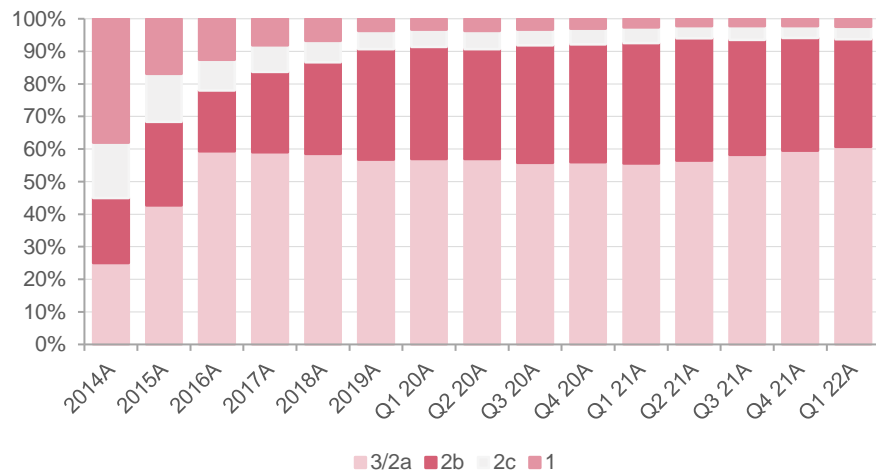
*Credit quality very strong and loan loss provisions likely to remain very low*

Sparekassen Sjælland-Fyn booked DKK3m of net loan loss reversals in Q1 22. The credit quality looks very strong and the management buffer continues to look solid, in our view.

In the bank's home market, house prices are rising (from a lower starting point) as the region benefits from net inflow of new inhabitants and employment is exceptionally good. The agricultural exposure also looks solid, in our view, despite a decline in the pork price in 2021 and 2022.

Measured on the FSA's rating scale, category '3' and '2a' now make up 61% of the total lending book, which is the highest ever recorded.

*Lending book composition by Danish FSA criteria*



Source: Company data, Danske Bank Equity Research

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*Capital position solid – new distribution policy*

The CET-1 stood at 16.2% at Q1 22, while the solvency capital ratio was 21.9%. The new strategy includes a target of >20% solvency.

Capital distribution should be on the rise in the coming years. We expect Sparekassen Sjælland-Fyn to maintain the annual DPS level of DKK6/share with potential for share buybacks on top. We estimate DKK100m of annual buybacks over the coming years, which brings the total payout ratio to 50-55%.

*2022 guidance looks manageable*

Sparekassen Sjælland-Fyn expects a pre-tax profit of DKK385m-510m for 2022.

We expect both NII and fee income to improve in 2022, due to solid customer inflow and rising like-for-like credit demand, especially from the corporate segment. In addition, we expect zero loan loss provisions; however, as was the case for Q1 22, we could see negative market adjustments to the parts of the bank’s bond portfolios that are not booked as hold to maturity.

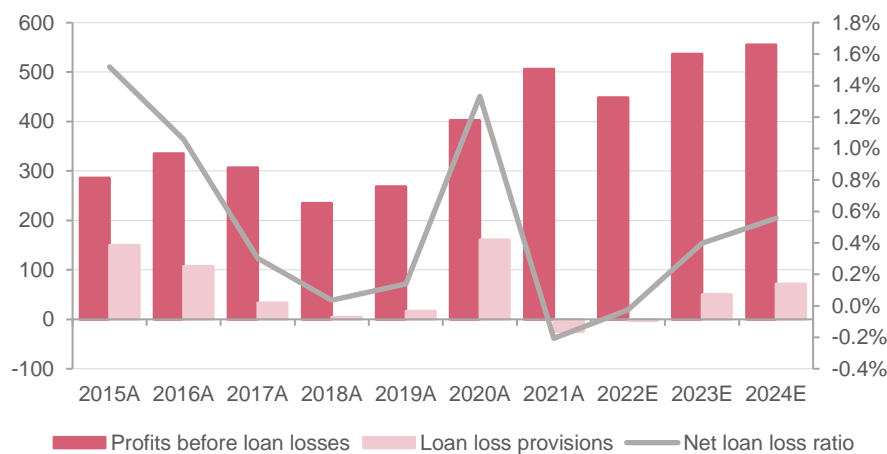
We estimate DKK451m of pre-tax profits for 2022.

*Rising core earnings remain key*

In our view, the Sparekassen Sjælland-Fyn investment case revolves around a low valuation combined with potentially substantial improvements to core earnings and profits in the coming years.

With the new strategy for 2025-26, we expect the bank to continue to demonstrate positive jaws on income versus costs.

Core earnings development (DKKm)



Source: Company data, Danske Bank Equity Research estimates

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*Higher fair value range of DKK183-215*

Our capital- and risk-adjusted Gordon Growth model returns a fair value range of DKK183-215/share. This is 9-28% above the current share price. In the range, we apply a cost of capital range of 9.5-10.5% and 60-80bp of normalised loan losses.

*Sparekassen Sjælland-Fyn Gordon's Growth valuation range*

		Normalised loan loss ratio						
		0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%
Cost of Equity	8.5%	256	248	241	234	227	219	212
	9.0%	241	234	227	220	214	207	200
	9.5%	228	221	215	209	202	196	190
	10.0%	216	210	204	198	192	186	180
	10.5%	206	200	195	189	183	177	172
	11.0%	197	191	186	180	175	170	164
	11.5%	188	183	178	173	168	162	157

		Upside/downside vs. current share price						
		0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%
Cost of Equity	8.5%	52%	48%	44%	39%	35%	31%	26%
	9.0%	43%	39%	35%	31%	27%	23%	19%
	9.5%	36%	32%	28%	24%	20%	17%	13%
	10.0%	29%	25%	22%	18%	14%	11%	7%
	10.5%	23%	19%	16%	12%	9%	6%	2%
	11.0%	17%	14%	11%	7%	4%	1%	-2%
	11.5%	12%	9%	6%	3%	0%	-3%	-6%

*Source: Danske Bank Equity Research estimates. Prices as at 14:00 CET on 11 May 2022.*

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*Sparekassen Sjælland-Fyn, annual data*

<b>DKKm</b>	<b>2017A</b>	<b>2018A</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
Net interest income	542	541	565	557	582	598	617	633
Net commission income	457	464	549	592	636	671	691	706
NII and net fee income	999	1005	1,113	1,149	1,218	1,269	1,308	1,340
Core capital gains	43	21	-44	16	30	-59	-8	-8
Other income	31	16	27	21	16	18	20	20
Total core income	1,073	1,042	1,097	1,186	1,263	1,228	1,320	1,352
Core banking costs	-769	-815	-830	-818	-779	-796	-800	-812
Profits, associated companies	3	8	2	35	22	17	16	16
Profits before loan losses	307	235	268	403	506	448	536	556
Loan loss provisions	-33	-4	-17	-161	25	3	-50	-72
Core earnings after loan losses	273	230	251	242	531	451	486	484
Net Extraordinary	0	0	0	0	0	0	0	0
Pretax profits	273	230	251	242	531	451	486	484
Tax	-16	-22	-25	-13	-87	-71	-97	-97
Net profits before AT-1 costs	257	208	227	229	444	380	389	387
Minority interests / AT-1	-56	-60	-24	-24	-25	-24	-24	-24
Net profits	201	148	202	204	419	356	365	363
Normalised profits	172	107	208	167	395	332	360	358
EPS, net profits	15.44	10.42	11.64	11.75	24.12	20.51	22.11	23.11
EPS, adj.	13.21	7.51	11.95	9.58	22.71	19.13	21.82	22.77
BV/Share	169.2	155.2	164.1	172.4	196.2	212.7	233.7	255.9
NTA/share	158.7	148.0	158.9	167.2	191.0	207.5	228.2	250.1
No. of shares, year-end	13.2	17.4	17.4	17.4	17.4	17.4	16.5	15.7
No. of shares, average	13.0	14.2	17.4	17.4	17.4	17.4	16.5	15.7
Tier-1ratio	14.0%	15.1%	16.2%	18.4%	19.7%	18.9%	19.1%	19.3%
CET-1ratio	10.7%	13.0%	14.0%	16.1%	17.5%	16.8%	17.1%	17.3%
RoNAV	10.0%	6.4%	7.6%	7.2%	13.5%	10.3%	9.9%	9.4%
Return on Equity	9.4%	6.0%	7.3%	7.0%	13.1%	10.0%	9.7%	9.2%
Return on Equity, before tax	12%	9%	9%	8%	16%	12%	13%	12%
Cost/Income ratio	72%	78%	76%	69%	62%	65%	61%	60%
Lending	11,681	12,174	12,217	11,951	12,067	12,466	12,718	12,974
NII / avg. Lending & deposits	1.99%	1.84%	1.84%	1.77%	1.82%	1.85%	1.87%	1.88%
Loan loss ratio, lending +guarantees	0.21%	0.03%	0.09%	0.84%	-0.13%	-0.02%	0.25%	0.35%
REA	16,973	17,639	17,343	16,799	17,017	17,702	18,239	18,793
Buyback announcement, next year	0	0	0	0	0	100	0	0
Dividend per share	0.0	2.5	3.0	0.0	6.0	6.0	6.0	6.0
Total cash distribution (div +buybacks com)	0	43	52	0	104	104	199	194
Total pay-out-ratio (incl. buyback)	0%	29%	26%	0%	25%	57%	55%	54%

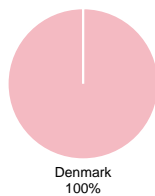
*Note: per share data in DKK*

*Source: Company data, Danske Bank Equity Research estimates*

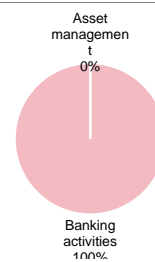
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## Company summary

### Income breakdown by geographical area



### Income breakdown by segment



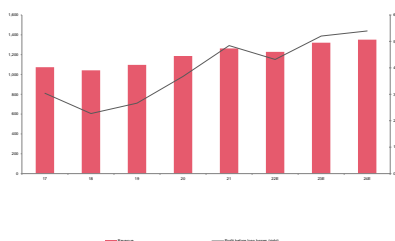
### Company information

Sparekassen Sjælland-Fyn  
 Isefjord Allé 5, 3200 Holbæk  
 Denmark  
 www.spks.dk

### Main shareholders

Name	Votes (%)	Capital (%)
Sydbank A/S	0.1%	5.3%
AP Pension	0.1%	5.3%
Købstædernes Forsikring	0.1%	5.2%

### Revenue and profit before loan losses (DKKm)



### Loan loss ratio and profit before loan losses (DKKm)



Source: FactSet, Company data, Danske Bank Equity Research estimates

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Summary tables

INCOME STATEMENT										
Year end Dec, DKKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E
Net interest income	654	602	551	542	541	565	557	582	598	617
Commissions	365	418	421	457	464	549	592	636	671	691
<b>Total revenues</b>	<b>1,090</b>	<b>977</b>	<b>1,043</b>	<b>1,073</b>	<b>1,042</b>	<b>1,097</b>	<b>1,186</b>	<b>1,263</b>	<b>1,228</b>	<b>1,320</b>
Costs	-660	-694	-710	-769	-815	-830	-818	-779	-796	-800
<b>Pre-provision profits (PPP)</b>	<b>429</b>	<b>283</b>	<b>333</b>	<b>304</b>	<b>227</b>	<b>267</b>	<b>368</b>	<b>484</b>	<b>432</b>	<b>520</b>
Loan losses	-257	-150	-107	-33.4	-4.4	-16.9	-161	24.8	3.0	-50.2
<b>Pre-tax profit</b>	<b>176</b>	<b>136</b>	<b>228</b>	<b>273</b>	<b>230</b>	<b>251</b>	<b>242</b>	<b>531</b>	<b>451</b>	<b>486</b>
<b>Net profit</b>	<b>120</b>	<b>83.9</b>	<b>159</b>	<b>201</b>	<b>148</b>	<b>202</b>	<b>204</b>	<b>419</b>	<b>356</b>	<b>365</b>
<b>Net profit (adj.)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
BALANCE SHEET										
DKKm	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E
Lending	9,981	9,763	10,474	11,681	12,174	12,217	11,951	12,067	12,466	12,718
Other interest bearing assets	7,423	6,866	7,209	7,127	8,442	9,573	11,444	11,517	11,839	12,077
Goodwill	174	162	150	138	125	91.3	91.3	91.2	91.2	91.2
<b>Total assets</b>	<b>19,322</b>	<b>18,730</b>	<b>19,859</b>	<b>21,487</b>	<b>23,857</b>	<b>25,359</b>	<b>27,266</b>	<b>28,001</b>	<b>28,824</b>	<b>29,559</b>
Deposits from public	15,315	14,633	15,647	16,589	18,223	18,700	20,001	19,766	20,226	20,633
Wholesale funding	4.1	0.0	0.0	0.0	0.0	0.0	199	378	384	391
Subordinated debt	596	465	466	403	454	673	570	670	630	642
Equity	1,631	1,939	2,058	2,228	2,697	2,851	2,996	3,410	3,696	3,857
<b>NTA</b>	<b>1,457</b>	<b>1,778</b>	<b>1,908</b>	<b>2,090</b>	<b>2,572</b>	<b>2,760</b>	<b>2,905</b>	<b>3,318</b>	<b>3,605</b>	<b>3,766</b>
PER SHARE DATA										
	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E
No. of shares, fully diluted YE (m)	0.0	12.9	12.9	13.2	17.4	17.4	17.4	17.4	17.4	16.5
No. of shares, fully diluted avg. (m)	0.0	12.9	12.9	13.0	14.2	17.4	17.4	17.4	17.4	16.5
EPS (reported) (DKK)		6.48	12.3	15.4	10.4	11.6	11.8	24.1	20.5	22.1
EPS (adj.) (DKK)		4.34	10.5	13.2	7.51	12.0	9.58	22.7	19.1	21.8
DPS (DKK)	0.00	3.00	3.10	0.00	2.50	3.00	0.00	6.00	6.00	6.00
Book value per share (DKK)		150	159	169	155	164	172	196	213	234
MARGINS AND GROWTH										
	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
C/I, adjusted	71.0%	68.1%	71.7%	78.2%	75.7%	69.0%	61.7%	64.8%	60.6%	60.1%
NII/avg. lending	6.1%	5.4%	4.9%	4.5%	4.6%	4.6%	4.8%	4.9%	4.9%	4.9%
Loan loss ratio	1.52%	1.06%	0.30%	0.04%	0.14%	1.33%	-0.21%	-0.02%	0.40%	0.56%
NII growth	-8.0%	-8.5%	-1.6%	-0.3%	4.4%	-1.4%	4.4%	2.8%	3.3%	2.6%
Revenue growth	-10.3%	6.7%	2.9%	-2.9%	5.3%	8.1%	6.5%	-2.7%	7.5%	2.4%
Cost growth	-5.1%	-2.3%	-8.4%	-5.9%	-1.9%	1.5%	4.9%	-2.3%	-0.5%	-1.5%
PPP growth	-34.0%	17.5%	-8.8%	-25.3%	17.3%	38.0%	31.7%	-10.9%	20.5%	3.7%
RWA growth	1.8%	7.7%	7.0%	3.9%	-1.7%	-3.1%	1.3%	4.0%	3.0%	3.0%
PROFITABILITY										
	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E
RoE, reported profits	7.6%	4.7%	8.0%	9.4%	6.0%	7.3%	7.0%	13.1%	10.0%	9.8%
RoNTA, adj. profits	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tier-1	8.3%	10.0%	9.9%	10.7%	13.0%	14.0%	16.1%	17.5%	16.8%	17.1%
Equity tier-1	11.6%	13.0%	12.9%	14.0%	15.1%	16.2%	18.4%	19.7%	18.9%	19.1%
RWA	14,459	14,721	15,858	16,973	17,639	17,343	16,799	17,017	17,702	18,239
VALUATION										
	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E
Share price (DKK)		97.3	106	114	80.4	89.6	90.0	165	168	168
Market cap (DKKm)		1,260	1,376	1,497	1,397	1,557	1,564	2,867	2,910	2,765
P/E (reported) (x)		15.0	8.6	7.4	7.7	7.7	7.7	6.8	8.2	7.6
P/E (adj.) (x)		22.4	10.1	8.6	10.7	7.5	9.4	7.3	8.8	7.7
P/BV (x)		0.65	0.67	0.67	0.52	0.55	0.52	0.84	0.79	0.72
P/NTA (x)		0.71	0.72	0.72	0.54	0.56	0.54	0.86	0.81	0.73
Dividend yield		3.1%	2.9%		3.1%	3.3%		3.6%	3.6%	3.6%
Total yield (incl. buybacks)		3.1%	2.9%		3.1%	3.3%		3.6%	3.6%	7.2%

Source: Company data, Danske Bank Equity Research estimates

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