

Banks

Key data

Price (DKK)*	163
Country	Denmark
Bloomberg	SPKSJF DC
Reuters	SPKSJF.CO
Free float	79.0%
Market cap (DKKm)	2,832
No. of shares (m)	17.4
Next event	Q3: 3-Nov

* Price as at 16:16 CET on 15 August 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 (15 August 2022)

Estimate changes

	22E	23E	24E
NII	7.0%	12.0%	11.4%
PPP	-0.8%	13.6%	12.3%
EPS (adj.)	7.6%	14.7%	12.3%

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

Building strong tailwinds for 2023

Sparekassen Sjælland-Fyn delivered a solid Q2 where the prudent new strategy presented at Q1 was combined with strong operational momentum and record-high total business volumes. The generous deposit repricing towards retail clients may leave the short-term tailwinds more limited, but medium-term momentum clearly appears to be building. We see a fair value range of DKK186-218/share, or 14-34% above current levels.

- Solid end to H1 22.** Q2 22 showed strong 3% q/q lending growth and total business volumes grew to an all-time high of DKK60.6bn. Management continues to follow the successful recipe of diligently managing both its local presence and advisory as well as prudent cost control. The bank's decision to remove negative deposit rates for core retail clients means NII should see only minor tailwinds for H2 22. However, with rising central bank rates and strong business momentum, including strong Totalkredit and Asset Management trends, we see the good NII and fee income momentum continuing into 2023. Adjusted for one-offs, underlying costs improved while the reported cost increase was caused by investments on the back of the new strategy. Credit quality remained particularly strong, with 61% of total exposures within the FSA's best category '3/2a'.
- The impressive journey continues.** It may be tempting to look at the past as Sparekassen Sjælland-Fyn more than doubled pre-provision profits in 2021 versus 2018. However, with the new strategy in place, there should be plenty of improvements yet to come. We estimate 33% growth in core operations (NII+fee-costs) from 2021A to 2024E. We consider the new strategy for 2025-26 timely and prudent. The business model is strong, the operational momentum is solid and market conditions are benign.
- We see more benefits ahead versus other Danish peers.** Sparekassen Sjælland-Fyn targets 4-8% annual growth in total business volumes. In Q2 22, growth was 3.4%. While Jutland-based peers have grown faster in H1 22, we consider Sparekassen Sjælland-Fyn's growth more resilient, especially into 2023.
- Valuation.** SPKSJF trades at a P/E (2023E) of 6.5x. We now estimate a fair value range of DKK186-218/share (from DKK183-215), 14-34% above the current share price. We lift our estimates to reflect the rising mid-term outlook for NII as well as the continued cost delivery.

Key financials

Year-end Dec (DKK)	2020	2021	2022E	2023E	2024E
NII (m)	557	582	640	691	705
Lending growth	-2.2%	1.0%	3.3%	2.0%	2.0%
Total revenues (m)	1,186	1,263	1,243	1,408	1,437
Pre-provision profits (PPP) (m)	368	484	428	591	606
PPP growth	38.0%	31.7%	-11.5%	37.9%	2.5%
Loan losses (m)	-161	24.8	35.5	-49.7	-71.0
PTP (m)	242	531	483	561	555
EPS (adj.)	9.58	22.7	20.6	25.0	25.6
DPS	0.00	6.00	6.00	6.00	6.00
Dividend yield		3.6%	3.7%	3.7%	3.7%
C/I	69.0%	61.7%	65.5%	58.0%	57.8%
PPP/avg. lending	3.04%	4.03%	3.49%	4.70%	4.72%
Loan loss ratio	1.33%	-0.21%	-0.29%	0.39%	0.55%
Equity tier-1 ratio	18.4	19.7	19.7	20.2	20.7
RoNTA	0.0%	0.0%	0.0%	0.0%	0.0%
P/E (adj.) (x)	9.4	7.3	7.9	6.5	6.4
P/NTA	0.54	0.86	0.79	0.72	0.65

Source: Company data, Danske Bank Equity Research estimates

Price performance



Source: FactSet

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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.

After the bank successfully delivered on its 'New Ways' strategy, in H1 22 it announced a new strategy for 2022-26 called 'Towards New Goals'. We believe the impressive delivery in recent years strengthens confidence in management and that if Sparekassen Sjælland-Fyn meets its targets by 2025, it could lead to strong additional upside.

Valuation and methodology for deriving 12M target price

We value Sparekassen Sjælland-Fyn using several valuation approaches, including a Gordon growth model where we value the bank based on its normalised profitability capacity. We apply 9.5-10.5% cost of capital and 55-75bp (previously 60-80bp) of normalised loan loss provisions to determine a fair value range.

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.

A deterioration in credit quality

Sparekassen Sjælland-Fyn has grown lending in recent years. 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 were pleased to see management announce a new strategy for 2022-26 during H1 22. The 'Towards New Goals' strategy sets out clear and ambitious long-term targets.

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 in total business volumes.

In Q1 22 we were disappointed about the lack of lending growth, but this fixed with the Q2 22 report, and we see Sparekassen Sjælland-Fyn in a good position to further boost earnings.

NII outlook building momentum

NII came in strong in Q2 at DKK169m, but was boosted by DKK16m of one-offs. Adjusting for this and an extra day of interest in Q2, NII was largely flat q/q.

However, we see very strong NII momentum particularly into 2023. Core bank lending rose 3% q/q, and while Sparekassen Sjælland-Fyn has not seen the same lending tailwinds in H2 22 as its Jutland-based peers, we also see fewer potential headwinds ahead. Meanwhile, rising rates add strong NII momentum, and we estimate NII tailwinds in 2023 of DKK25m from increasing deposit margins and DKK100m due to rising income from excess liquidity.

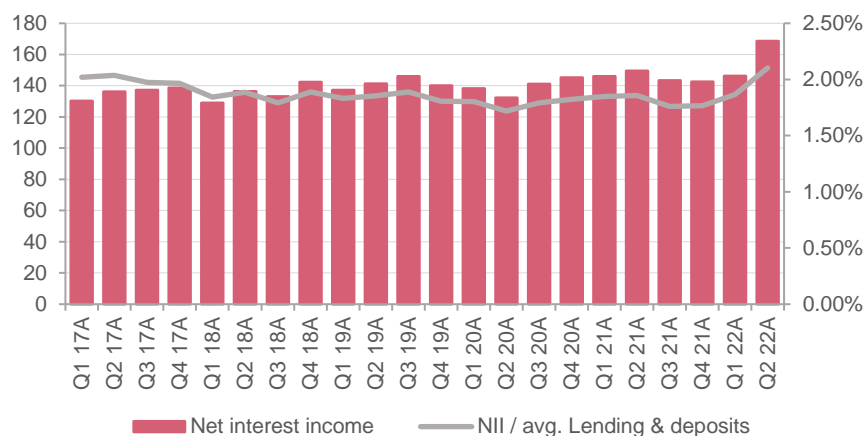
In addition, customer inflow continues, which boosted Private Banking activities and off-balance sheet activities, where Totalkredit lending rose 4.8% y/y and 0.4% q/q to DK35.6bn despite many clients refinancing well below par.

With the above non-balance sheet volumes in mind, total core lending grew 0.6% in Q2 22 to a record high DKK60.6bn, or 3.4% higher y/y.

We now estimate NII to grow to DKK0.7bn in 2023, a material increase versus the DKK582m in 2021.

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Net interest income (DKK_m) and margin development



Source: Company data, Danske Bank Equity Research estimates

Fee income remains strong

Fee and commission income came in at DKK176m, including dividend income. This is solid compared to previous years, and the strong delivery continues.

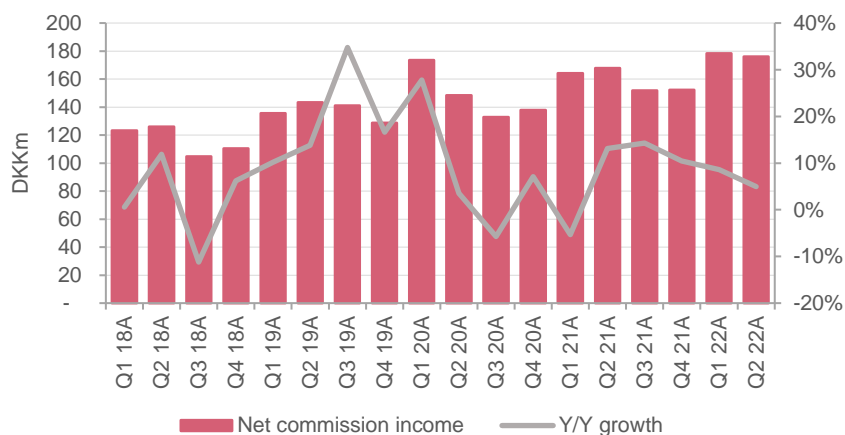
Fee income rose 5% y/y. We find it positive to see off-balance sheet activities and volume-based fee income drive high-quality fee income lines substantially higher. As a result, guarantee commission income rose 10% y/y and while asset management rose just 9% y/y compared to the 14% in Q1 22, we expect tailwinds to build for Q3 22E given market recovery since late June.

On activity-based fees, we note payment fees rose 28% y/y, after 29% growth in Q1. We also note that remortgaging and lending fee income fell 14%, while trading & custody fell 6% y/y.

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

The 2022 fee income outlook is promising in our view and we expect additional tailwinds for 2023.

Net fee and commission income, quarterly



Source: Company data, Danske Bank Equity Research

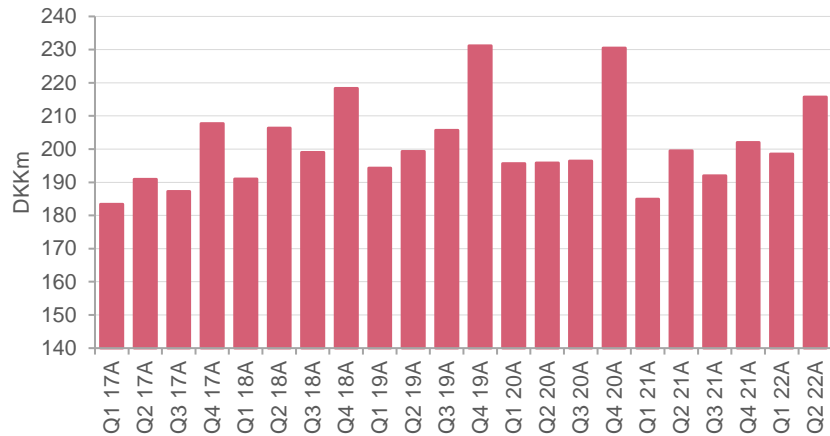
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Costs higher due to one-offs but underlying cost outlook strong

Total costs came in at DKK216m in Q2 22. Staff costs rose 7% y/y, while other administrative costs rose 16%. The rising costs were caused by one-off staff compensation and costs related to implementation of the new strategy for 2026. Adjusted for these, underlying costs fell.

Sparekassen Sjælland-Fyn clearly shows it has delivered on the cost plans in the New Ways strategy and we expect this cost focus to continue. We note that management still targets a cost/income ratio of 50% by end-2025 for the fiscal year 2026.

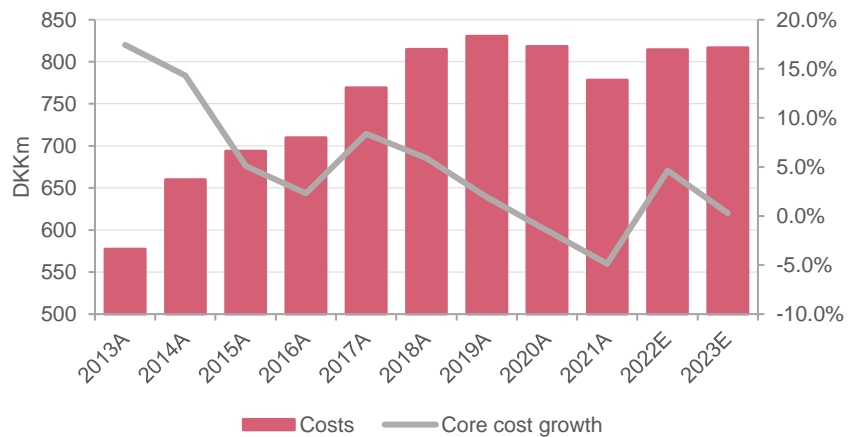
Cost development, quarterly



Source: Company data, Danske Bank Equity Research

Given inflation and rising credit demand, we argue that rising costs are expected. We would prefer to see banks invest in income growth when prudent and, in this case, we see good arguments for investing further. In our view, 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

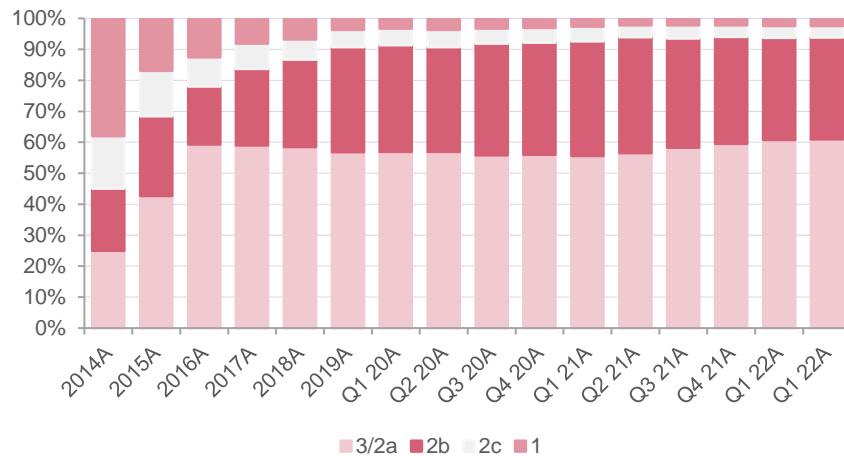
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Credit quality still very strong

Sparekassen Sjælland-Fyn booked DKK32m of net loan loss reversals in Q2 22. Credit quality continues to look very strong and management continues to add to the management provision buffer.

Measured on the FSA’s rating scale, category ‘3’ and ‘2a’ make up 61% of the total lending book, which maintains the record-high level from Q1 22. We note that employment remains high in the bank’s home markets and that economic activity continues to be supportive, too.

Lending book composition by Danish FSA criteria



Source: Company data, Danske Bank Equity Research

Capital position solid

The CET-1 stood at 16.5% at Q2 22, while the solvency capital ratio was 22.4%. The new strategy includes a target of >20% solvency.

As a result, we argue that capital distribution should be on the rise in coming years. We expect Sparekassen Sjælland-Fyn to maintain the annual DPS level of DKK6/share, while share buybacks are likely to come on top. We estimate DKK100m of annual buybacks for the coming years, which would bring the total payout ratio to 47-54%.

2022 guidance looks manageable - more to come in 2023E

Based on a strong Q2 22, Sparekassen Sjælland-Fyn lifted the bottom range of the 2022 guidance and now expects a pre-tax profit of DKK425-510m (from DKK385-510m).

We expect both NII and fee income to improve in 2022, due to solid customer inflow and rising like-for-like credit demand. Rising interest rates should have only a limited positive effect on 2022E NII, as the bank has more than passed on rising rates to depositors. However, we see strong tailwinds for 2023.

We estimate DKK483m of pre-tax profits for 2022.

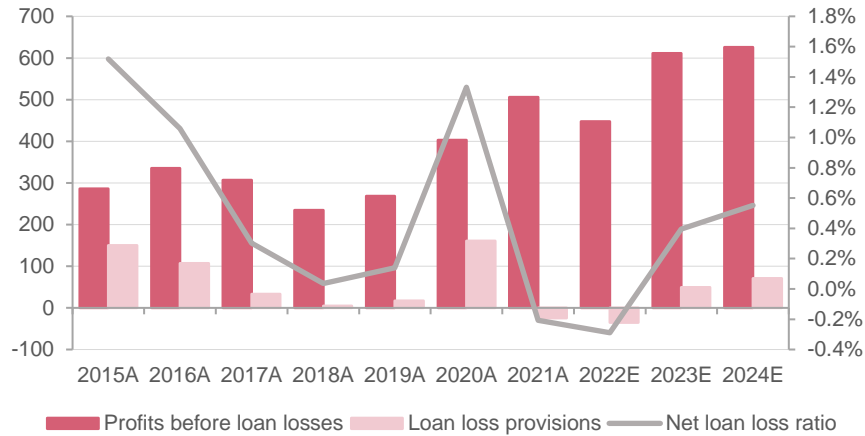
Rising core earnings as management continues to deliver

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. Very few banks have been able to deliver similar improvements to core operations and we find the combined improvement since 2018 impressive.

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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

Fair value range slightly higher at DKK186-218

Our capital- and risk-adjusted Gordon growth model returns a fair value range of DKK186-218/share with a mid-range at DKK201. This is 14-34% above the current share price. In the range, we apply a cost of capital range of 9.5-10.5% and 55-75bp of normalised loan losses.

Sparekassen Sjælland-Fyn Gordon growth valuation range

		Normalised loan loss ratio						
		0.35%	0.45%	0.55%	0.65%	0.75%	0.85%	0.95%
Cost of Equity	8.5%	259	252	245	237	230	223	216
	9.0%	244	237	231	224	217	210	204
	9.5%	231	225	218	212	206	199	193
	10.0%	219	213	207	201	195	189	183
	10.5%	209	203	197	192	186	180	175
	11.0%	199	194	189	183	178	172	167
	11.5%	191	186	181	175	170	165	160

		Upside/downside vs. current share price						
		0.35%	0.45%	0.55%	0.65%	0.75%	0.85%	0.95%
Cost of Equity	8.5%	59%	55%	50%	46%	41%	37%	32%
	9.0%	50%	46%	42%	37%	33%	29%	25%
	9.5%	42%	38%	34%	30%	26%	22%	18%
	10.0%	35%	31%	27%	23%	20%	16%	12%
	10.5%	28%	25%	21%	18%	14%	11%	7%
	11.0%	22%	19%	16%	12%	9%	6%	2%
	11.5%	17%	14%	11%	8%	4%	1%	-2%

Source: Danske Bank Equity Research estimates. Price as at 16:00 CET on 15 August 2022.

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Sparekassen Sjælland-Fyn, interim data

DKKm	Q1 21A	Q2 21A	Q3 21A	Q4 21A	Q1 22A	Q2 22A	Q3 22E	Q4 22E
Net interest income	146	150	143	143	146	169	161	164
Net commission income	164	168	152	152	178	176	161	158
NII and net fee income	310	317	295	295	325	345	322	323
Core capital gains	13	-4	13	8	-36	-60	6	1
Other income	3	4	4	4	3	5	5	5
Total core income	327	317	312	307	292	289	333	329
Core banking costs	-185	-200	-192	-202	-199	-216	-195	-206
Profits, associated companies	5	4	9	4	5	6	4	4
Profits before loan losses	147	121	129	109	98	80	142	127
Loan loss provisions	15	19	-10	1	3	32	0	0
Core earnings after loan losses	162	140	119	110	101	112	142	127
Net Extraordinary	0	0	0	0	0	0	0	0
Pretax profits	162	140	119	110	101	112	142	127
Tax	-18	-30	-21	-18	-18	-25	-21	-19
Net profits before AT-1 costs	144	109	99	92	82	88	121	108
Minority interests / AT-1	-6	-6	-6	-6	-6	-6	-6	-6
Net profits	138	103	92	86	76	82	115	102
Normalised profits	122	105	88	81	74	82	106	94
EPS, net profits	7.92	5.95	5.32	4.93	4.40	4.69	6.62	5.88
EPS, adj.	7.02	6.02	5.07	4.66	4.25	4.74	6.12	5.42
BV/Share	180.6	186.3	191.5	196.2	196.7	199.3	205.9	211.8
NTA/share	175.3	181.1	186.2	191.0	191.5	194.0	200.7	206.5
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-1ratio	16.8%	16.9%	17.3%	19.7%	18.4%	18.7%	18.4%	19.7%
CET-1ratio	14.7%	14.8%	15.1%	17.5%	16.2%	16.5%	16.2%	17.5%
RoNAV	18.8%	13.4%	11.5%	10.4%	9.3%	9.8%	13.3%	11.5%
Return on Equity	18.2%	13.0%	11.2%	10.1%	9.1%	9.5%	13.0%	11.2%
Return on Equity, before tax	21%	18%	14%	13%	12%	13%	16%	14%
Cost/Income ratio	57%	63%	61%	66%	68%	75%	58%	63%
Lending	12,344	12,194	12,117	12,067	11,924	12,277	12,369	12,462
NII / avg. Lending & deposits	185%	186%	176%	177%	187%	210%	195%	198%
Loan loss ratio, lending +guarantees	-0.31%	-0.36%	0.20%	-0.02%	-0.06%	-0.68%	0.00%	0.00%
REA	17,896	17,763	17,105	17,017	17,310	17,029	17,156	17,285
Buyback announcement, next year					0	0	0	0
Dividend per share					0.0	0.0	0.0	0.0
Total cash distribution (div +buybacks completed in the year)					0	0	0	0
Total pay-out-ratio (incl. buyback)					0%	0%	0%	0%

Note: per share data in DKK

Source: Company data, Danske Bank Equity Research estimates

Sparekassen Sjælland-Fyn, annual data

DKKm	2017A	2018A	2019A	2020A	2021A	2022E	2023E	2024E
Net interest income	542	541	565	557	582	640	691	705
Net commission income	457	464	549	592	636	674	692	708
NII and net fee income	999	1,005	1,113	1,149	1,218	1,314	1,384	1,413
Core capital gains	43	21	-44	16	30	-89	4	4
Other income	31	16	27	21	16	18	20	20
Total core income	1,073	1,042	1,097	1,186	1,263	1,243	1,408	1,437
Core banking costs	-769	-815	-830	-818	-779	-814	-817	-831
Profits, associated companies	3	8	2	35	22	19	20	20
Profits before loan losses	307	235	268	403	506	447	611	626
Loan loss provisions	-33	-4	-17	-161	25	35	-50	-71
Core earnings after loan losses	273	230	251	242	531	483	561	555
Net Extraordinary	0	0	0	0	0	0	0	0
Pretax profits	273	230	251	242	531	483	561	555
Tax	-16	-22	-25	-13	-87	-84	-112	-111
Net profits before AT-1 costs	257	208	227	229	444	399	449	444
Minority interests / AT-1	-56	-60	-24	-24	-25	-24	-24	-24
Net profits	201	148	202	204	419	375	425	420
Normalised profits	172	107	208	167	395	358	419	414
EPS, net profits	15.44	10.42	11.64	11.75	24.12	21.58	25.37	25.95
EPS, adj.	13.21	7.51	11.95	9.58	22.71	20.58	25.03	25.58
BV/Share	169.2	155.2	164.1	172.4	196.2	211.8	232.8	254.6
NTA/share	158.7	148.0	158.9	167.2	191.0	206.5	227.4	248.9
No. of shares, year-end	13.2	17.4	17.4	17.4	17.4	17.4	16.7	16.2
No. of shares, average	13.0	14.2	17.4	17.4	17.4	17.4	16.7	16.2
Tier-1 ratio	14.0%	15.1%	16.2%	18.4%	19.7%	19.7%	20.2%	20.7%
CET-1 ratio	10.7%	13.0%	14.0%	16.1%	17.5%	17.5%	18.1%	18.6%
RoNAV	10.0%	6.4%	7.6%	7.2%	13.5%	10.9%	11.5%	10.7%
Return on Equity	9.4%	6.0%	7.3%	7.0%	13.1%	10.6%	11.2%	10.5%
Return on Equity, before tax	12%	9%	9%	8%	16%	13%	14%	13%
Cost/Income ratio	72%	78%	76%	69%	62%	66%	58%	58%
Lending	11,681	12,174	12,217	11,951	12,067	12,462	12,713	12,969
NII / avg. Lending & deposits	1.99%	1.84%	1.84%	1.77%	1.82%	1.97%	2.07%	2.07%
Loan loss ratio, lending +guarantees	0.21%	0.03%	0.09%	0.84%	-0.13%	-0.18%	0.25%	0.35%
REA	16,973	17,639	17,343	16,799	17,017	17,285	17,809	18,350
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	200	197
Total pay-out-ratio (incl. buyback)	0%	29%	26%	0%	25%	54%	47%	47%

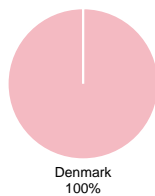
Note: per share data in DKK

Source: Company data, Danske Bank Equity Research estimates

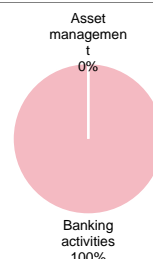
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Company summary

Income breakdown by geographical area



Income breakdown by segment



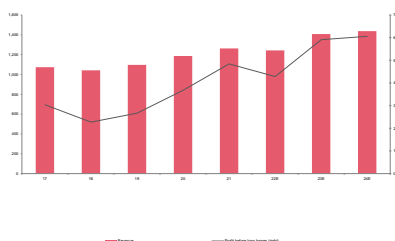
Company information

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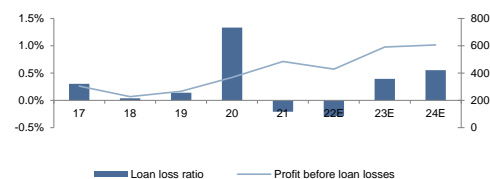
Main shareholders

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

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	640	691
Commissions	365	418	421	457	464	549	592	636	674	692
Total revenues	1,090	977	1,043	1,073	1,042	1,097	1,186	1,263	1,243	1,408
Costs	-660	-694	-710	-769	-815	-830	-818	-779	-814	-817
Pre-provision profits (PPP)	429	283	333	304	227	267	368	484	428	591
Loan losses	-257	-150	-107	-33.4	-4.4	-16.9	-161	24.8	35.5	-49.7
Pre-tax profit	176	136	228	273	230	251	242	531	483	561
Net profit	120	83.9	159	201	148	202	204	419	375	425
Net profit (adj.)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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	12,462	12,713
Other interest bearing assets	7,423	6,866	7,209	7,127	8,442	9,573	11,444	11,517	12,005	12,247
Goodwill	174	162	150	138	125	91.3	91.3	91.2	91.2	91.2
Total assets	19,322	18,730	19,859	21,487	23,857	25,359	27,266	28,001	28,730	29,442
Deposits from public	15,315	14,633	15,647	16,589	18,223	18,700	20,001	19,766	20,605	21,021
Wholesale funding	4.1	0.0	0.0	0.0	0.0	0.0	199	378	382	390
Subordinated debt	596	465	466	403	454	673	570	607	627	640
Equity	1,631	1,939	2,058	2,228	2,697	2,851	2,996	3,410	3,679	3,900
NTA	1,457	1,778	1,908	2,090	2,572	2,760	2,905	3,318	3,588	3,809

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	16.7
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	16.7
EPS (reported) (DKK)		6.48	12.3	15.4	10.4	11.6	11.8	24.1	21.6	25.4
EPS (adj.) (DKK)		4.34	10.5	13.2	7.51	12.0	9.58	22.7	20.6	25.0
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	212	233

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%	65.5%	58.0%	57.8%
NII/avg. lending	6.1%	5.4%	4.9%	4.5%	4.6%	4.6%	4.8%	5.2%	5.5%	5.5%
Loan loss ratio	1.52%	1.06%	0.30%	0.04%	0.14%	1.33%	-0.21%	-0.29%	0.39%	0.55%
NII growth	-8.0%	-8.5%	-1.6%	-0.3%	4.4%	-1.4%	4.4%	10.0%	8.0%	2.0%
Revenue growth	-10.3%	6.7%	2.9%	-2.9%	5.3%	8.1%	6.5%	-1.6%	13.3%	2.1%
Cost growth	-5.1%	-2.3%	-8.4%	-5.9%	-1.9%	1.5%	4.9%	-4.6%	-0.3%	-1.8%
PPP growth	-34.0%	17.5%	-8.8%	-25.3%	17.3%	38.0%	31.7%	-11.5%	37.9%	2.5%
RWA growth	1.8%	7.7%	7.0%	3.9%	-1.7%	-3.1%	1.3%	1.6%	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%	10.6%	11.4%
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%	17.5%	18.1%
Equity tier-1	11.6%	13.0%	12.9%	14.0%	15.1%	16.2%	18.4%	19.7%	19.7%	20.2%
RWA	14,459	14,721	15,858	16,973	17,639	17,343	16,799	17,017	17,285	17,809

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	163	163
Market cap (DKKm)		1,260	1,376	1,497	1,397	1,557	1,564	2,867	2,832	2,730
P/E (reported) (x)		15.0	8.6	7.4	7.7	7.7	7.7	6.8	7.6	6.4
P/E (adj.) (x)		22.4	10.1	8.6	10.7	7.5	9.4	7.3	7.9	6.5
P/BV (x)		0.65	0.67	0.67	0.52	0.55	0.52	0.84	0.77	0.70
P/NTA (x)		0.71	0.72	0.72	0.54	0.56	0.54	0.86	0.79	0.72
Dividend yield		3.1%	2.9%		3.1%	3.3%		3.6%	3.7%	3.7%
Total yield (incl. buybacks)		3.1%	2.9%		3.1%	3.3%		3.6%	3.7%	3.7%

Source: Company data, Danske Bank Equity Research estimates

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