

Banks

**Key data**

Price (DKK)	212
Country	Denmark
Bloomberg	SPKSJF DC
Reuters	SPKSJF.CO
Free float	79.0%
Market cap (DKKm)	3,675
No. of shares (m)	17.4
Next event	Q1: 2-May

\* Price as at 13:45 CET on 12 February 2024

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 (9 February 2023)

Estimate changes

	24E	25E	26E
NII	5.7%	6.8%	n.m.
PPP	2.1%	1.3%	n.m.
EPS (adj.)	4.4%	2.2%	n.m.

Source: Danske Bank Equity Research estimates

Analyst(s)

Asbjørn Nicholas Mørk

Find our research here:  
<https://research.danskebank.com>

Important disclosures and certifications are contained from page 11 of this report

# Sparekassen Sjælland-Fyn

*A combination of self-made tailwinds and a strong home market*

**Sparekassen Sjælland-Fyn delivered a strong Q4 report with rising net interest income, strong lending and deposit growth, solid activity and a firm grip on costs. Credit quality continues to look strong too. However, the best may be yet to come, with NII expected to grow another 16% in 2024, far more than other banks, while the Towards New Goals strategy delivers on top. We estimate 12-14% post-tax ROE for the coming years. We raise our fair value range to DKK275-312/share, 30-48% above current share price.**

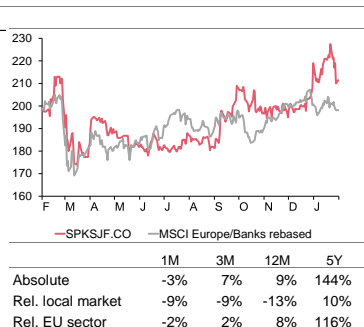
- Strong customer and earnings momentum – more to come in 2024.** Sparekassen Sjælland-Fyn's Q4 23 saw a 37% y/y increase to NII, driven by strong 8% higher lending volumes y/y and 4% deposit growth. Both signal a continued attractive customer inflow and a home market that is benefiting greatly from the massive expansion of Danish pharma group Novo Nordisk. Other banks started seeing NII momentum softening during Q4 23, but Sparekassen Sjælland-Fyn should be able to grow NII by a full 16% in 2024E, the highest of all banks in our coverage, driven by volume growth and higher portfolio income.
- Towards New Goals strategy to bring positive earnings jaws.** Positive jaws for 2024 are driven by income growing much faster than costs. The ambitious cost/income target of below 50% by 2026 compares to 57% in 2023 which leaves additional earnings upside potential. We estimate 13% average post-tax ROE for 2024-25, materially above the 7% average ROE in 2018-2020. We estimate 2024E pre-tax profits of DKK776m, above the DKK650-755m guidance range, the main reason being expected higher NII and still low credit provisions. With comforting capital positions, the bank announced a DKK8 DPS for 2023 and we expect more buybacks to be announced during 2024.
- Credit quality remains very robust.** Despite recession risks for 2024, the bank's credit quality remains very strong. 92% of all lending is categorised within the FSA's best two classes. We estimate DKK55m (30bp) of net loan loss provisions for 2024.
- Valuation.** SPKSJF trades at a 2024E P/E of 6.3x. We estimate a fair value range of DKK275-312/share (DKK247-280), 30-48% above the current share price.

Key financials

Year-end Dec (DKK)	2022	2023	2024E	2025E	2026E
NII (m)	660	862	998	963	939
Lending growth	-3.1%	8.2%	8.2%	4.1%	3.0%
Total revenues (m)	1,278	1,584	1,734	1,704	1,695
Pre-provision profits (PPP) (m)	455	676	811	764	740
PPP growth	-6.1%	48.7%	19.9%	-5.8%	-3.1%
Loan losses (m)	16.0	-15.6	-54.9	-66.9	-69.0
PTP (m)	482	701	776	717	691
EPS (adj.)	20.1	29.2	33.4	31.9	31.7
DPS	6.00	8.00	9.00	9.00	9.00
Dividend yield	3.1%	4.0%	4.3%	4.3%	4.3%
C/I	64.4%	57.3%	53.3%	55.2%	56.3%
PPP/avg. lending	3.83%	5.56%	6.16%	5.47%	5.12%
Loan loss ratio	-0.13%	0.13%	0.42%	0.48%	0.48%
Equity tier-1 ratio	21.9	18.7	19.3	19.8	20.2
RoNTA	0.0%	0.0%	0.0%	0.0%	0.0%
P/E (adj.) (x)	9.6	6.8	6.3	6.6	6.7
P/NTA	0.95	0.86	0.81	0.74	0.69

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 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 ability than peers in converting customer inflow into both business volumes and AUM growth. Its home market is less competitive and it benefits from Totalkredit's lower mortgage prices. A Bankdata setup makes it a potential takeover target, but with clear financial targets, management is keen to deliver stand-alone.

After the bank successfully delivered on its 'New Ways' strategy, in H1 22 it announced a new strategy for 2022-26 named 'Towards New Goals'. Strong delivery in recent years adds comfort in management, and if Sparekassen Sjælland-Fyn delivers by 2026, we see strong additional upside.

#### **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% (24.3% at Q3 23)
- 4-8% annual growth to total business volumes.

### *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 continue to apply 8.5-10.5% cost of capital and 55-75bp 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.

#### **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. Considering the lending portfolio churn in the past decade to a more residentially dominated lending book, we are not concerned, however.

### *Not for US distribution*

### NII outlook continues to improve into 2024

NII came in at DKK239m in Q4, up 37% versus Q4 22. Higher rates had a material positive impact, but in Q4 volume growth started contributing significantly too. Bank lending rose as corporate lending improved due to continued SME customer inflow and increased investment need within this customer group. This has driven corporate lending 15% higher during 2023. Within residential clients, it is in particular car loans at attractive rates for electric vehicles that have driven residential lending higher. In addition, deposit volumes continue to grow, as savings ratios remain high among residential clients, demonstrating the sound and stable business the bank is running and the geographic location of the bank's home market being close to Novo Nordisk production facilities with strong local employment as a result.

With materially rising rates, Sparekassen Sjælland-Fyn is now able to restore long-term prudent deposit margins and the structurally high excess deposit base is yielding a good return.

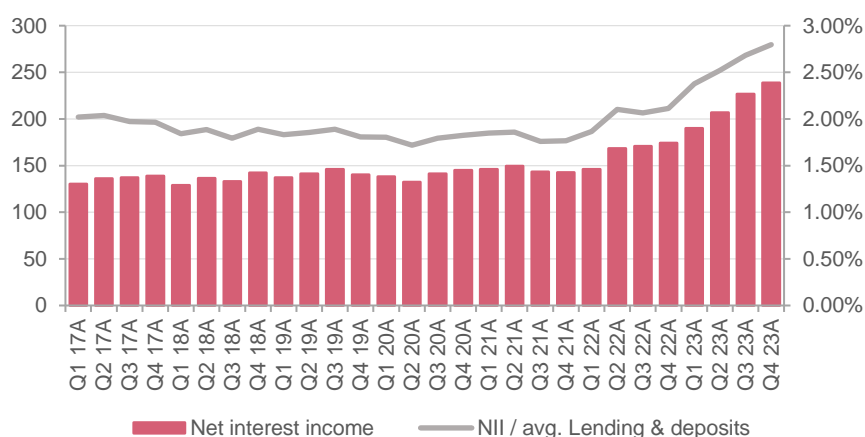
We are pleased to see that solid lending growth is driven by customer inflow, which also drives higher deposit volumes. As a result, the deposit surplus stood at DKK9bn.

The bank's customer base with fewer large corporate clients, means it has fewer money-market linked lending products which had until mid-2023 caused less NII tailwind than seen in larger peers. On the positive side, however, delayed phase-in of announced price hikes means that the bank still has solid NII tailwinds to come through into 2024.

In addition to lending and deposit effects, the bank's liquidity portfolio continues to benefit from rising rates too. The DKK10bn HTM is currently yielding less than 2% and with 1.5 years duration, it should reprice at least 1-2% during 2024-25, adding c.DKK50m to NII in 2024.

We estimate NII to grow from DKK862m in 2023 to DKK998m in 2024E, equal to a material 16% increase versus 2023 and 72% above the DKK582m level in 2021.

Chart 1. Net interest income and margin development (DKKm)



Source: Company data, Danske Bank Equity Research

### Fee income tailwinds building for 2024

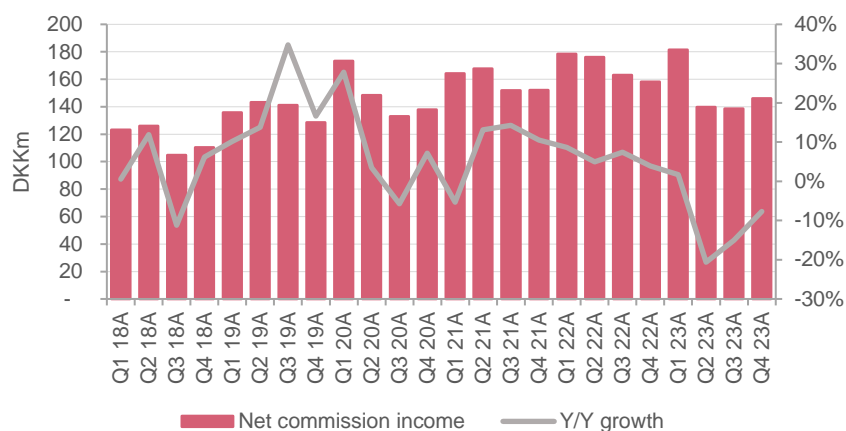
Fee and commission income came in at DKK146m, including dividend income. This was materially lower than the DKK174m level in Q4 22, but impacted by lower mortgage refinancing activity and lower house market activity. Remortgaging fees fell 21% y/y while trading & custody fees fell 30%. Leaving that aside, underlying fee income was relatively stable.

With c.80% of total fee income being driven by volumes rather than activity, fee income should continue to be resilient, even in a potential recession. In addition, AUM continues to grow driven

### Not for US distribution

by benign market trends in Q4 and customer inflow. We also expect mortgage activity to increase in 2024.

Chart 1. Net fee and commission income, quarterly



Source: Company data, Danske Bank Equity Research

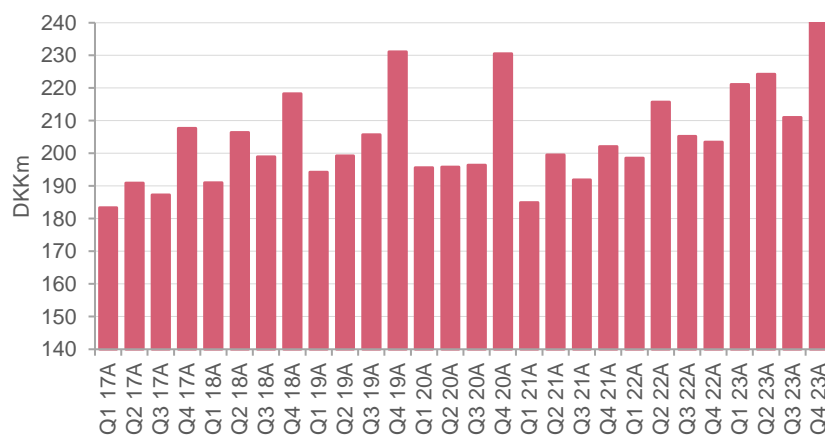
### Underlying costs delivery, but one-offs in 2023

Total costs were DKK252m in Q3 23, up materially y/y due to one-off costs, increased depreciation and higher staff costs as the bank has opened a new branch in Gilleleje recently while a new advisory and tech centre in Copenhagen is being established. Both are driving costs higher.

However, with cost initiatives taken in November 2023, the bank took out DKK45m of costs annually, and as a result, we expect modest cost growth of 2% in 2024 as the bank is chasing its 'Towards New Goals' strategy.

In our view, it is important that Sparekassen Sjælland-Fyn clearly delivered on the cost plans in the former 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.

Chart 3. Cost development, quarterly



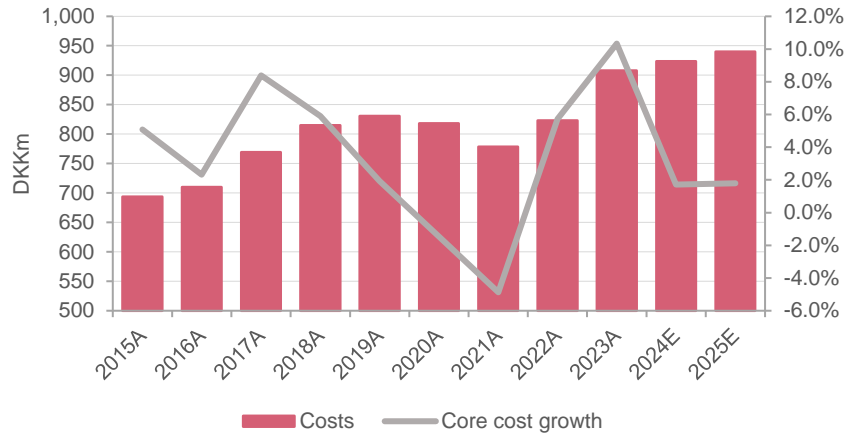
Source: Company data, Danske Bank Equity Research

Given inflation and rising credit demand, we argue that some rise in costs is expected. We prefer banks to invest in income growth when prudent, and in this case, we see good arguments for

### Not for US distribution

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.

Chart 4. Cost development, annually



Source: Company data, Danske Bank Equity Research estimates

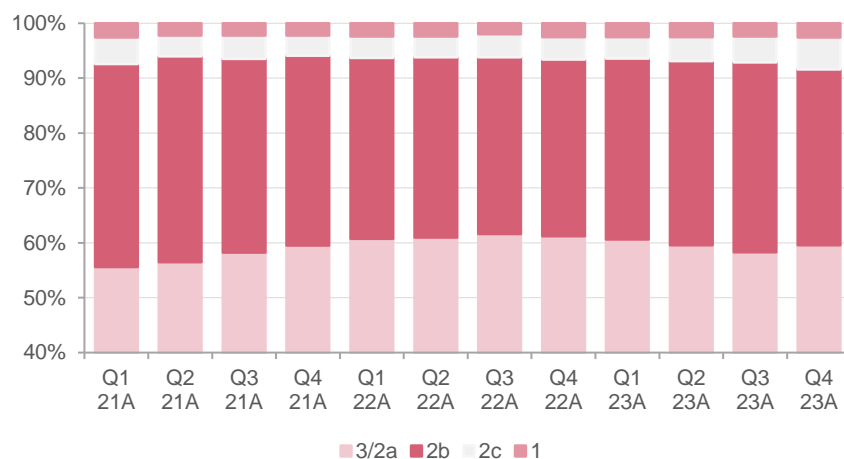
*Credit quality could provide positive surprises ahead*

Sparekassen Sjælland-Fyn booked DKK4m (8bp) of loan loss reversals in Q4 23. Realised losses were low and credit quality continues to look strong.

Management-assessed provisions made up DKK178m, in order to maintain a prudent buffer towards potential future risks.

Measured on the FSA's rating scale, category '3' and '2a' make up 60% of the total lending book, which is very close to the highest ever recorded, which was in Q3 22. We note that employment remains high in the bank's home markets and the economic activity continues to be supportive.

Chart 5. Lending book composition by Danish FSA criteria



Source: Company data, Danske Bank Equity Research

*Capital position remains strong. Dividend hiked materially.*

The CET-1 stood at 16.4% at Q4 23, while the solvency capital ratio was a full 24.5%, well above the target of >20% solvency.

*Not for US distribution*

With such a strong capital position and a very solid credit book, we consider it only prudent that management is now actively increasing capital distribution.

Sparekassen Sjælland-Fyn announced a DKK100m buyback on 10 August 2023. The buyback was completed in February 2024.

On the back of a strong 2023 result, the bank proposes a DKK8 DPS, a 33% increase versus the DKK6 DPS for 2022.

*2024 guidance indicates a potential record year and could even be conservative*

Sparekassen Sjælland-Fyn expects pre-tax profits of DKK650-750m for 2024. This compares to DKK701m in 2023.

We estimate that Sparekasse Sjælland-Fyn may well beat its 2024E guidance and deliver pre-tax profits at DKK776m, driven by strong 16% NII growth and excellent credit quality.

*Rising core earnings remains key*

In our view, the Sparekassen Sjælland-Fyn investment case revolves around a low valuation combined with 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 the combined improvement since 2018 is impressive.

With the Towards New Goals strategy, we expect the bank to continue to demonstrate positive jaws on income versus costs going forward. In our view, it is key that management has set its own independent strategy for profitability improvements and does not simply rely on rising rates. That said, we see rising rates adding income tailwind to the underlying management improvements. The combination of the two is important, and as a result we estimate post-tax ROE of 13% on average for 2024-25E.

Chart 6. Core earnings development (DKKm)



Source: Company data, Danske Bank Equity Research estimates

*Fair value range largely unchanged*

Our capital- and risk-adjusted Gordon Growth model returns a fair value range of DKK275-312/share with a mid-range at DKK293. This is 30-48% above current share price. In the range, we continue to apply a cost of capital range of 10.5-11.5% and 70-90bp of normalised loan losses.

*Not for US distribution*

Table 1. Sparekassen Sjælland-Fyn Gordon's Growth valuation range

		Normalised loan loss ratio						
		0.50%	0.60%	0.70%	0.80%	0.90%	1.00%	1.10%
Cost of Equity	9.5%	357	350	344	337	331	325	318
	10.0%	340	333	327	321	315	309	303
	10.5%	324	318	312	306	301	295	289
	11.0%	310	304	299	293	287	282	276
	11.5%	297	291	286	281	275	270	265
	12.0%	285	280	275	269	264	259	254
	12.5%	274	269	264	259	254	249	244

		Upside/downside vs. current share price						
		0.50%	0.60%	0.70%	0.80%	0.90%	1.00%	1.10%
Cost of Equity	9.5%	69%	66%	63%	60%	56%	53%	50%
	10.0%	61%	58%	55%	52%	49%	46%	43%
	10.5%	53%	50%	48%	45%	42%	39%	37%
	11.0%	46%	44%	41%	39%	36%	33%	31%
	11.5%	40%	38%	35%	33%	30%	28%	25%
	12.0%	35%	32%	30%	27%	25%	23%	20%
	12.5%	29%	27%	25%	23%	20%	18%	16%

Note: Prices as at 12:00 CET on 12 February 2024

Source: Danske Bank Equity Research estimates.

Not for US distribution

**Table 2. Sparekassen Sjælland-Fyn, annual data**

DKKm	2018A	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E
Net interest income	541	565	557	582	660	862	998	963	939
Net commission income	464	549	592	636	676	606	636	641	656
Nil and net fee income	1,005	1,113	1,149	1,218	1,335	1,468	1,634	1,604	1,595
Core capital gains	21	-44	16	30	-73	98	80	80	80
Other income	16	27	21	16	16	18	20	20	20
Total core income	1,042	1,097	1,186	1,263	1,278	1,584	1,734	1,704	1,695
Core banking costs	-815	-830	-818	-779	-823	-908	-924	-940	-954
Profits, associated companies	8	2	35	22	11	40	20	20	20
Profits before loan losses	235	268	403	506	466	716	831	784	760
Loan loss provisions	-4	-17	-161	25	16	-16	-55	-67	-69
Core earnings after loan losses	230	251	242	531	482	701	776	717	691
Net Extraordinary	0	0	0	0	0	0	0	0	0
Pretax profits	230	251	242	531	482	701	776	717	691
Tax	-22	-25	-13	-87	-110	-142	-155	-158	-152
Net profits before AT-1 costs	208	227	229	444	372	558	621	559	539
Minority interests / AT-1	-60	-24	-24	-25	-26	-43	-24	-24	-24
Net profits	148	202	204	419	346	515	597	535	515
Normalised profits	107	208	167	395	350	504	550	507	487
EPS, net profits	10.4	11.6	11.8	24.1	19.9	29.9	36.2	33.6	33.5
EPS, adj.	7.5	12.0	9.6	22.7	20.1	29.2	33.4	31.9	31.7
BV/Share	155	164	172	196	208	238	266	290	315
NTA/share	148	159	167	191	203	232	260	284	309
No. of shares, year-end	17.4	17.4	17.4	17.4	17.4	16.9	16.5	15.9	15.4
No. of shares, average	14.2	17.4	17.4	17.4	17.4	17.3	16.5	15.9	15.4
Tier-1 ratio	15.1%	16.2%	18.4%	19.7%	21.9%	18.7%	19.3%	19.8%	20.2%
CET-1 ratio	13.0%	14.0%	16.1%	17.5%	18.9%	16.4%	17.1%	17.6%	18.1%
RoNAV	6.4%	7.6%	7.2%	13.5%	10.1%	13.8%	14.5%	12.1%	11.1%
Return on Equity	6.0%	7.3%	7.0%	13.1%	9.8%	13.5%	14.2%	11.9%	10.9%
Return on Equity, before tax	8.5%	8.8%	8.1%	15.6%	13.3%	17.4%	17.7%	15.5%	14.3%
Cost/Income ratio	78%	76%	69%	62%	64%	57%	53%	55%	56%
Lending	12,174	12,217	11,951	12,067	11,690	12,645	13,687	14,243	14,675
Deposits from customers	18,223	18,700	20,001	19,766	20,673	21,399	22,268	23,172	23,639
Nil / avg. Lending & deposits	184%	184%	177%	182%	2.05%	2.60%	2.85%	2.62%	2.48%
Loan loss ratio, lending +guarantees	0.03%	0.09%	0.84%	-0.13%	-0.09%	0.09%	0.30%	0.35%	0.35%
REA	17,639	17,343	16,799	17,017	16,443	17,105	17,886	18,429	18,988
Buyback announcement	0	0	0	0	0	100	100	150	150
Dividend per share	2.5	3.0	0.0	6.0	6.0	8.0	9.0	9.0	9.0
Total cash distribution (div +buybacks com)	43	52	0	104	104	235	248	293	288
Total pay-out-ratio (incl. buyback)	29%	26%	0%	25%	59%	46%	50%	55%	56%

Note: per share data in DKK

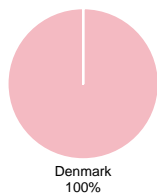
Source: Company data, Danske Bank Equity Research estimates

Not for US distribution

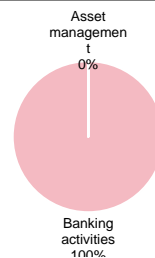


## Company summary

### Income breakdown by geographical area



### Income breakdown by segment



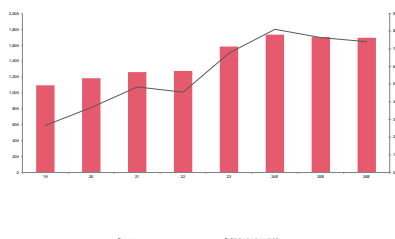
### Company information

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

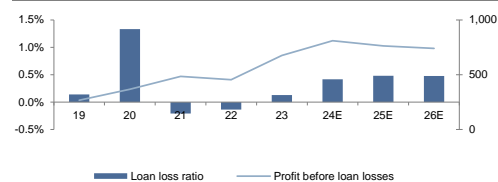
### Main shareholders

Name	Votes (%)	Capital (%)
Sydbank A/S	0.1%	5.3%
AP Pension	0.1%	5.3%
Købstædemes 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

Not for US distribution

**Summary tables**
**INCOME STATEMENT**

Year end Dec, DKKm	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
Net interest income	551	542	541	565	557	582	660	862	998	963
Commissions	421	457	464	549	592	636	676	606	636	641
<b>Total revenues</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>1,278</b>	<b>1,584</b>	<b>1,734</b>	<b>1,704</b>
Costs	-710	-769	-815	-830	-818	-779	-823	-908	-924	-940
<b>Pre-provision profits (PPP)</b>	<b>333</b>	<b>304</b>	<b>227</b>	<b>267</b>	<b>368</b>	<b>484</b>	<b>455</b>	<b>676</b>	<b>811</b>	<b>764</b>
Loan losses	-107	-33.4	-4.4	-16.9	-161	24.8	16.0	-15.6	-54.9	-66.9
<b>Pre-tax profit</b>	<b>228</b>	<b>273</b>	<b>230</b>	<b>251</b>	<b>242</b>	<b>531</b>	<b>482</b>	<b>701</b>	<b>776</b>	<b>717</b>
<b>Net profit</b>	<b>159</b>	<b>201</b>	<b>148</b>	<b>202</b>	<b>204</b>	<b>419</b>	<b>346</b>	<b>515</b>	<b>597</b>	<b>535</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	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
Lending	10,474	11,681	12,174	12,217	11,951	12,067	11,690	12,645	13,687	14,243
Other interest bearing assets	7,209	7,127	8,442	9,573	11,444	11,517	13,784	14,648	14,943	15,244
Goodwill	150	138	125	91.3	91.3	91.2	91.2	91.2	91.2	91.2
<b>Total assets</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>29,631</b>	<b>31,700</b>	<b>33,111</b>	<b>34,043</b>
Deposits from public	15,647	16,589	18,223	18,700	20,001	19,766	20,673	21,399	22,268	23,172
Wholesale funding	0.0	0.0	0.0	0.0	199	378	378	612	625	637
Subordinated debt	466	403	454	673	570	670	571	555	567	578
Equity	2,058	2,228	2,697	2,851	2,996	3,410	3,621	4,016	4,377	4,614
<b>NTA</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>3,530</b>	<b>3,925</b>	<b>4,286</b>	<b>4,523</b>

**PER SHARE DATA**

	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
No. of shares, fully diluted YE (m)	12.9	13.2	17.4	17.4	17.4	17.4	17.4	16.9	16.5	15.9
No. of shares, fully diluted avg. (m)	12.9	13.0	14.2	17.4	17.4	17.4	17.4	17.3	16.5	15.9
EPS (reported) (DKK)	12.3	15.4	10.4	11.6	11.8	24.1	19.9	29.9	36.2	33.6
EPS (adj.) (DKK)	10.5	13.2	7.51	12.0	9.58	22.7	20.1	29.2	33.4	31.9
DPS (DKK)	3.10	0.00	2.50	3.00	0.00	6.00	6.00	8.00	9.00	9.00
Book value per share (DKK)	159	169	155	164	172	196	208	238	266	290

**MARGINS AND GROWTH**

	2017	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
C/I, adjusted	71.7%	78.2%	75.7%	69.0%	61.7%	64.4%	57.3%	53.3%	55.2%	56.3%
NI/avg. lending	4.9%	4.5%	4.6%	4.6%	4.8%	5.6%	7.1%	7.6%	6.9%	6.5%
Loan loss ratio	0.30%	0.04%	0.14%	1.33%	-0.21%	-0.13%	0.13%	0.42%	0.48%	0.48%
NI growth	-1.6%	-0.3%	4.4%	-1.4%	4.4%	13.4%	30.8%	15.7%	-3.5%	-2.5%
Revenue growth	2.9%	-2.9%	5.3%	8.1%	6.5%	1.2%	24.0%	9.5%	-1.8%	-0.5%
Cost growth	-8.4%	-5.9%	-1.9%	1.5%	4.9%	-5.7%	-10.3%	-1.7%	-1.8%	-1.5%
PPP growth	-8.8%	-25.3%	17.3%	38.0%	31.7%	-6.1%	48.7%	19.9%	-5.8%	-3.1%
RWA growth	7.0%	3.9%	-1.7%	-3.1%	1.3%	-3.4%	4.0%	4.6%	3.0%	3.0%

**PROFITABILITY**

	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
RoE, reported profits	8.0%	9.4%	6.0%	7.3%	7.0%	13.1%	9.8%	13.4%	14.4%	12.1%
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	9.9%	10.7%	13.0%	14.0%	16.1%	17.5%	18.9%	16.4%	17.1%	17.6%
Equity tier-1	12.9%	14.0%	15.1%	16.2%	18.4%	19.7%	21.9%	18.7%	19.3%	19.8%
RWA	15,858	16,973	17,639	17,343	16,799	17,017	16,443	17,105	17,886	18,429

**VALUATION**

	2016	2017	2018	2019	2020	2021	2022	2023	2024E	2025E
Share price (DKK)	106	114	80.4	89.6	90.0	165	194	200	212	212
Market cap (DKKm)	1,376	1,497	1,397	1,557	1,564	2,867	3,362	3,378	3,486	3,363
P/E (reported) (x)	8.6	7.4	7.7	7.7	7.7	6.8	9.7	6.7	5.8	6.3
P/E (adj.) (x)	10.1	8.6	10.7	7.5	9.4	7.3	9.6	6.8	6.3	6.6
P/BV (x)	0.67	0.67	0.52	0.55	0.52	0.84	0.93	0.84	0.80	0.73
P/NTA (x)	0.72	0.72	0.54	0.56	0.54	0.86	0.95	0.86	0.81	0.74
Dividend yield	2.9%		3.1%	3.3%		3.6%	3.1%	4.0%	4.3%	4.3%
Total yield (incl. buybacks)	2.9%		3.1%	3.3%		3.6%	3.1%	6.9%	7.1%	8.7%

Source: Company data, Danske Bank Equity Research estimates

Not for US distribution

## Disclosures

This commissioned research report has been prepared by Equity Research, a division of Danske Bank A/S ('Danske Bank'). The author of this research report is Asbjørn Nicholas Mørk.

This commissioned research report should be considered marketing material, as it has been requested and paid for by Sparekassen Sjælland-Fyn and has therefore not been prepared in accordance with the legal requirements designed to promote the independence of investment research. However, the report is still subject to prohibition on dealing ahead of the dissemination of the report.

### *Analyst certification*

Each research analyst responsible for the content of this commissioned research report certifies that the views expressed in the research report accurately reflect the research analyst's personal view about the financial instruments and issuers covered by the research report.

### *Regulation*

Danske Bank is authorised and regulated by the Danish Financial Services Authority (Finanstilsynet). Danske Bank is authorised by the Prudential Regulation Authority in the UK and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.

Danske Bank's commissioned research reports are prepared in accordance with the recommendations of Capital Market Denmark.

### *Conflicts of interest*

Danske Bank has established procedures to prevent conflicts of interest and to ensure the provision of high-quality research based on research objectivity and independence from outside influences. These procedures are documented in Danske Bank's research policies. Employees within Danske Bank's Research Departments have been instructed that any request that might impair the objectivity of research and independence from outside influence of research shall be referred to Research Management and the Compliance Department. Danske Bank's Research Departments are physically separated from other business areas within Danske Bank and surrounded by arrangements (Chinese Walls) to restrict the flows of sensitive information.

Research analysts are remunerated in part based on the overall profitability of Danske Bank, which includes investment banking revenues, but do not receive bonuses or other remuneration linked to specific corporate finance or debt capital transactions.

Danske Bank, its affiliates, subsidiaries and staff may perform services for or solicit business from Sparekassen Sjælland-Fyn and may hold long or short positions in, or otherwise be interested in, the financial instruments mentioned in this research report. The Equity and Corporate Bonds analysts of Danske Bank and persons in other departments of Danske Bank with which the relevant analysts have close links are not permitted to invest in 1) financial instruments that are covered by the relevant Equity or Corporate Bonds analyst and 2) the research sector within the geographical area (the Nordics) to which the analyst is linked.

Danske Bank, its affiliates and subsidiaries are engaged in commercial banking, securities underwriting, dealing, trading, brokerage, investment management, investment banking, custody and other financial services activities, may be a lender to Sparekassen Sjælland-Fyn and have whatever rights as are available to a creditor under applicable law and the applicable loan and credit agreements. At any time, Danske Bank, its affiliates and subsidiaries may have credit or other information regarding Sparekassen Sjælland-Fyn that is not available to or may not be used by the personnel responsible for the preparation of this report, which might affect the analysis and opinions expressed in this research report.

Danske Bank is a market maker and a liquidity provider and may hold positions in the financial instruments of the issuer(s) mentioned in this research report.

No parts of this research report have been disclosed to Sparekassen Sjælland-Fyn for factual check.

As an investment bank, Danske Bank, its affiliates and subsidiaries provide a variety of financial services, including investment banking services. It is possible that Danske Bank and/or its affiliates and/or its subsidiaries might seek to become engaged to provide such services to Sparekassen Sjælland-Fyn in the next three months.

### *Financial models and/or methodology used in this research report*

Investment views and opinions in this research report are formed on the basis of a combined selection of discounted cash flow analysis, industry knowledge, peer group analysis and company-specific and market technical elements (events affecting both the financial and operational profile of the company). Forecasting of company sales and earnings is based on segmented bottom-up models using subjective views of relevant future market developments. In addition, the expected macroeconomic environment is taken into account. The output is aggregated into models for group profit and loss, balance sheets and cash flow estimates – all taking into account the recent development in historical research reports.

More information about the valuation and/or methodology and the underlying assumptions is accessible via [www.danskebank.com/equityresearch](http://www.danskebank.com/equityresearch).

### *Risk warning*

Major risks connected with investment views or opinions in this research report, including a sensitivity analysis of relevant assumptions, are stated throughout the text.

### *Expected updates*

This research product will be updated on a semi-annual basis as a minimum.

### *Completion and first dissemination*

The completion date and time in this research report mean the date and time when the author hands over the final version of the research report to Danske Bank's editing function for legal review and editing.

The date and time of first dissemination mean the date and estimated time of the first dissemination of this research report. The estimated time may deviate up to 15 minutes from the effective dissemination time due to technical limitations.

See the back page of this research report for the date and time of first dissemination.

### *Recommendation structure*

This report does not have a target price or a buy/sell recommendation but it does include a valuation discussion and a suggested valuation range.

### *Validity time period*

This communication as well as previous communications referred to below are valid until the earlier of (a) dissemination of a superseding communication by the author, or (b) significant changes in circumstances following its dissemination, including events relating to the market or the issuer, which can influence the price of the issuer or financial instrument.

## Not for US distribution

## General disclaimer

This commissioned research report has been prepared by Danske Bank A/S. It is provided for informational purposes only and should not be considered investment, legal or tax advice. It does not constitute or form part of, and shall under no circumstances be considered as, an offer to sell or a solicitation of an offer to purchase or sell any relevant financial instruments (i.e. financial instruments mentioned herein or other financial instruments of any issuer mentioned herein and/or options, warrants, rights or other interests with respect to any such financial instruments) ('Relevant Financial Instruments').

This commissioned research report has been prepared independently and solely on the basis of publicly available information that Danske Bank A/S considers to be reliable but Danske Bank A/S has not independently verified the contents hereof. While reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation or warranty, express or implied, is made as to and no reliance should be placed on the fairness, accuracy, completeness or reasonableness of the information, opinions and projections contained in this commissioned research report and Danske Bank A/S, its affiliates and subsidiaries accept no liability whatsoever for any direct or consequential loss, including without limitation any loss of profits, arising from reliance on this commissioned research report.

The opinions expressed herein are the opinions of the research analysts and reflect their opinion as of the date hereof. These opinions are subject to change and Danske Bank A/S does not undertake to notify any recipient of this research report of any such change nor of any other changes related to the information provided in this commissioned research report.

This commissioned research is not intended for, and may not be redistributed to, retail customers in the United Kingdom and may under no circumstances be distributed in the United States.

This research report is protected by copyright and is intended solely for the designated addressee. It may not be reproduced or distributed, in whole or in part, by any recipient for any purpose without Danske Bank A/S's prior written consent.

## Disclaimer related to distribution in the United Kingdom

In the United Kingdom, this document is for distribution only to (I) persons who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the 'Order'); (II) high net worth entities falling within article 49(2)(a) to (d) of the Order; or (III) persons who are an elective professional client or a per se professional client under Chapter 3 of the FCA Conduct of Business Sourcebook (all such persons together being referred to as 'Relevant Persons'). In the United Kingdom, this document is directed only at Relevant Persons, and other persons should not act or rely on this document or any of its contents.

## Disclaimer related to distribution in the European Economic Area

This document is being distributed to and is directed only at persons in member states of the European Economic Area ('EEA') who are 'Qualified Investors' within the meaning of Article 2(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) ('Qualified Investors'). Any person in the EEA who receives this document will be deemed to have represented and agreed that it is a Qualified Investor. Any such recipient will also be deemed to have represented and agreed that it has not received this document on behalf of persons in the EEA other than Qualified Investors or persons in the UK and member states (where equivalent legislation exists) for whom the investor has authority to make decisions on a wholly discretionary basis. Danske Bank A/S will rely on the truth and accuracy of the foregoing representations and agreements. Any person in the EEA who is not a Qualified Investor should not act or rely on this document or any of its contents.

Report completed: 12 February 2024 at 15:32 CET

Report disseminated: 12 February 2024 at 16:25 CET

## Not for US distribution