

## Sparekassen Sjælland-Fyn

Financials  
Denmark

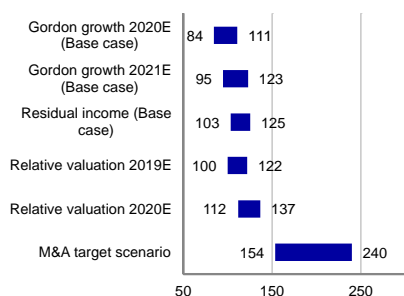
## KEY DATA

Stock country	Denmark
Bloomberg	SPKSJF DC
Reuters	SPKSJF.CO
Share price (close)	DKK 96.00
Free Float	84%
Market cap. (bn)	EUR 0.22/DKK 1.67
Website	www.spks.dk/
Next report date	

## PERFORMANCE



## VALUATION APPROACH



## ESTIMATE CHANGES

Year	2018E	2019E	2020E
Total revenue	0%	-2%	-2%
Total costs	-2%	-2%	-2%
Profit before loan losses	6%	-2%	-2%
PTP	10%	-2%	-2%
DPS (ord)	15%	-2%	-2%
EPS (adj)	19%	-2%	-2%

Source: Nordea estimates

## Nordea Markets - Analysts

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Analyst

## Asset quality and costs better than expected

Sparekassen Sjælland-Fyn's Q3 2018 profit before loan losses was DKK 69m, 25% better than our estimate and up 77% q/q. The major positive surprise was market value adjustments of DKK 25m, DKK 18m higher than our estimate, due to strong performance on sector shares. Another positive surprise was total costs, which were 4% below our estimate. This was mainly driven by amortisation and depreciation on intangibles and PPE, which that came in at DKK 11m, DKK 5m (31%) better than our estimate. On the negative side, activity was slightly below our expectations, which resulted in a 2% miss on NII and a 5% miss on commission income. Owing to the beat in the quarter, we lift our 2018E adjusted EPS by 19%, while we lower 2019E-20E adjusted EPS by ~2% to reflect the weaker NII and NCI trends. Our new fair value range is DKK 84-125 (DKK 88-128) per share.

## Asset quality continues to improve

Sparekassen Sjælland-Fyn reported loan losses of DKK 6m, DKK 2m better than our estimate, despite booking DKK 10m in agriculture provisions. The split on the creditworthiness of lending and guarantees improved yet again, confirming the better asset quality. This does not come for free, however, and Q3 2018 lending growth was down to ~0% q/q, 2% below our estimate. We understand that this was mainly because the bank off-boarded troublesome clients and now has a lower risk appetite in certain business areas. The increased risk aversion and tough competition also led to margin pressure returning in Q3 2018, after flat underlying margins in Q2. The CET1 ratio was 12.5% at the end of Q3 2018, ~60 bp above our estimate, owing to a positive trend in the bank's REA, where the credit risk amount declined by 3.5% q/q even though lending was flat.

## 2018E adjusted EPS up by 19%, 2019E-20E down by ~2%

We lift our 2018E adjusted EPS by 19%, owing to the beat in Q3 and the removal of DKK 10m in loan losses from Q4 2018E, which together offset the negative impact of us lowering our lending growth estimates to 4.5% (6%) for 2018. On the other hand, we lower our 2019E-20E adjusted EPS by ~2%, mainly owing to weaker margins, lower lending volumes and weaker NCI. This leads to a 2% drop in our net interest and fee income estimates. This is partially offset by DKK ~5m (20%) higher market value adjustments, 2% lower costs and DKK ~5m (~10%) lower loan losses for 2019E-20E.

## New fair value range of DKK 84-125 (88-128)

Owing to the negative estimate revisions in our forecast period, we lower our Gordon growth-derived base-case fair value range to DKK 84-125 from DKK 88-128. Sparekassen Sjælland-Fyn is trading at a 2019E adjusted P/E of 7.4x, 13% below Danish peers.

## SUMMARY TABLE - KEY FIGURES

DKKm	2014	2015	2016	2017	2018E	2019E	2020E
Total revenue	1,090	978	1,043	1,073	1,059	1,161	1,220
Total costs	660	694	710	769	804	814	833
LL-ratio	-2.36%	-1.50%	-1.10%	-0.32%	-0.09%	-0.33%	-0.34%
PTP	178	139	231	276	247	311	346
RoE	11.4%	8.1%	10.8%	12.0%	9.1%	10.0%	10.3%
RoTBV (adj)	12.9%	8.9%	5.9%	8.5%	4.9%	8.3%	8.6%
P/E (adj)	n.a.	n.a.	12.8	8.7	14.6	7.4	6.6
P/BV	n.a.	0.00	0.67	0.67	0.61	0.57	0.52
P/TBV	n.a.	0.00	0.73	0.71	0.64	0.59	0.55
BIS III CT1-ratio	8.3%	10.0%	9.9%	10.7%	13.0%	13.3%	14.0%
DPS (ord)	0.00	3.00	3.05	0.00	2.38	3.75	4.21
Dividend Yield (ord)	n.a.	3.08%	2.87%	0.00%	2.48%	3.91%	4.39%
Total payout ratio	0.00	0.00	0.09	0.00	0.16	0.23	0.23

Source: Company data and Nordea estimates

# Estimates

## Q3 2018 OUTCOME VS ESTIMATES

	Actual	NDA	Deviation		Actual	q/q	Actual	y/y
DKKm	Q3	Q3 18E	vs. Actual		Q2 18	growth	Q3 17	growth
Interest income	151	155	-3	-2%	154	-2%	152	0%
Interest expense	18	19	-1	-3%	17	5%	15	22%
<b>Net interest income</b>	<b>133</b>	<b>136</b>	<b>-3</b>	<b>-2%</b>	<b>136</b>	<b>-2%</b>	<b>137</b>	<b>-3%</b>
Dividends on shares etc	2	1	1	-	16	-86%	15	-85%
Fees and commission income	107	117	-10	-8%	114	-6%	108	-1%
Fees and commission expenses	5	4	0	6%	4	8%	5	-8%
<b>Net interest and fee income</b>	<b>238</b>	<b>249</b>	<b>-11</b>	<b>-5%</b>	<b>262</b>	<b>-9%</b>	<b>255</b>	<b>-7%</b>
Market value adjustments	25	8	18	-	-21	-	7	-
Other operating income	5	5	0	-1%	4	36%	4	41%
<b>Total income</b>	<b>268</b>	<b>262</b>	<b>6</b>	<b>2%</b>	<b>245</b>	<b>9%</b>	<b>265</b>	<b>1%</b>
Staff costs and administrative expenses	184	186	-2	-1%	186	-1%	171	8%
Amortisation, depreciation and impairment losses	11	16	-5	-31%	16	-31%	12	-10%
Other operating expenses	4	4	0	-6%	4	-6%	5	-17%
<b>Total costs</b>	<b>199</b>	<b>206</b>	<b>-7</b>	<b>-4%</b>	<b>206</b>	<b>-4%</b>	<b>187</b>	<b>6%</b>
<b>Profit before loan losses</b>	<b>69</b>	<b>55</b>	<b>14</b>	<b>25%</b>	<b>39</b>	<b>77%</b>	<b>78</b>	<b>-11%</b>
Loan losses	6	8	-2	-19%	-8	-	3	-
Profit/loss on investments in associates and group enterprises	-1	1	-2	-	1	-	-1	-44%
<b>Profit before tax</b>	<b>62</b>	<b>48</b>	<b>13</b>	<b>28%</b>	<b>48</b>	<b>30%</b>	<b>74</b>	<b>-16%</b>
Tax	4	1	3	-	12	-67%	6	-35%
<b>Net profit</b>	<b>58</b>	<b>47</b>	<b>11</b>	<b>23%</b>	<b>36</b>	<b>63%</b>	<b>68</b>	<b>-15%</b>
<b>CET1 ratio</b>	<b>12.5%</b>	<b>11.9%</b>	<b>0.6 pp</b>		<b>12.1%</b>	<b>0.4 pp</b>	<b>9.7%</b>	<b>2.8 pp</b>

Source: Company data and Nordea estimates

## CHANGES TO ESTIMATES

	2018E	2019E	2020E	2018E	2019E	2020E	2018E	2019E	2020E
DKKm	New estimates			Change in estimates			Old estimates		
Interest income	601	651	689	-1%	-3%	-3%	609	670	709
Interest expense	68	51	56	-2%	-7%	-7%	69	55	60
<b>Net interest income</b>	<b>534</b>	<b>600</b>	<b>632</b>	<b>-1%</b>	<b>-2%</b>	<b>-3%</b>	<b>540</b>	<b>615</b>	<b>649</b>
Dividends on shares etc	25	25	26	5%	5%	5%	23	24	25
Fees and commission income	460	508	533	-2%	-2%	-2%	471	520	546
Fees and commission expenses	19	19	20	3%	3%	3%	18	19	19
<b>Net interest and fee income</b>	<b>1,000</b>	<b>1,113</b>	<b>1,171</b>	<b>-2%</b>	<b>-2%</b>	<b>-2%</b>	<b>1,017</b>	<b>1,140</b>	<b>1,200</b>
Market value adjustments	42	30	31	76%	20%	20%	24	25	26
Other operating income	17	18	18	0%	0%	0%	18	18	18
<b>Total income</b>	<b>1,059</b>	<b>1,161</b>	<b>1,220</b>	<b>0%</b>	<b>-2%</b>	<b>-2%</b>	<b>1,058</b>	<b>1,182</b>	<b>1,243</b>
Staff costs and administrative expenses	738	748	766	-1%	-1%	-1%	743	752	771
Amortisation, depreciation and impairment losses	49	49	49	-15%	-15%	-15%	58	58	58
Other operating expenses	17	17	17	-3%	-3%	-3%	17	17	18
<b>Total costs</b>	<b>804</b>	<b>814</b>	<b>833</b>	<b>-2%</b>	<b>-2%</b>	<b>-2%</b>	<b>818</b>	<b>828</b>	<b>847</b>
<b>Profit before loan losses</b>	<b>255</b>	<b>347</b>	<b>387</b>	<b>6%</b>	<b>-2%</b>	<b>-2%</b>	<b>240</b>	<b>355</b>	<b>397</b>
Loan losses	11	40	45	-51%	-11%	-10%	22	45	50
Profit/loss on investments in associates and group enterprises	2	2	2	-50%	-50%	-50%	4	4	4
<b>Profit before tax</b>	<b>246</b>	<b>309</b>	<b>344</b>	<b>11%</b>	<b>-1%</b>	<b>-2%</b>	<b>222</b>	<b>314</b>	<b>350</b>
Tax	20	27	30	17%	-1%	-2%	17	27	30
<b>Net profit</b>	<b>225</b>	<b>282</b>	<b>314</b>	<b>10%</b>	<b>-1%</b>	<b>-2%</b>	<b>204</b>	<b>287</b>	<b>320</b>
<b>EPS adj., DKK</b>	<b>6.58</b>	<b>12.89</b>	<b>14.47</b>	<b>19%</b>	<b>-2%</b>	<b>-2%</b>	<b>5.51</b>	<b>13.10</b>	<b>14.75</b>
<b>DPS, DKK</b>	<b>2.38</b>	<b>3.75</b>	<b>4.21</b>	<b>15%</b>	<b>-2%</b>	<b>-2%</b>	<b>2.08</b>	<b>3.81</b>	<b>4.29</b>

Source: Company data and Nordea estimates

# Reported numbers and forecasts

## QUARTERLY KEY DATA

### SHARE DATA

DKKm	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18E	Q4 18E
EPS	4.66	3.69	4.12	2.94	5.02	1.17	2.19	2.39
EPS adj	4.05	3.53	3.58	1.84	1.97	1.28	1.89	1.94
BVPS	161.6	162.3	166.4	170.9	167.6	151.7	153.9	156.3
TVBS	150.3	151.1	155.5	160.4	157.3	144.1	146.5	148.9
DPS								
Dividend pay-out ratio								
Share repurchases (per share)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total pay-out ratio	0%	0%	0%	0%	0%	0%	0%	0%
Share price (period end)	128.60	125.13	125.62	113.70	107.25	102.50	100.00	96.00
Market cap. (m)	1,676	1,631	1,637	1,482	1,398	1,781	1,668	1,668
Dil. number of shares period end (m)	13	13	13	13	13	17	17	17

### VALUATION

(x)	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18E	Q4 18E
P/E	6.9	8.5	7.6	9.7	5.3	21.9	11.0	10.0
P/E (adj.)	7.9	8.8	8.8	15.5	13.6	20.1	12.7	12.4
P/BV	0.80	0.77	0.76	0.67	0.64	0.68	0.62	0.61
P/TBV	0.86	0.83	0.81	0.71	0.68	0.71	0.66	0.64
Dividend yield								
Total yield								

### CAPITAL RATIOS

%	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18E	Q4 18E
BIS II Trans. CET1-ratio	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
BIS II Trans. T1-ratio	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
BIS II Trans. T2-ratio	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
BIS III CET1-ratio	9.5%	10.1%	9.7%	10.7%	10.2%	12.1%	12.5%	13.0%
BIS III T1-ratio	12.6%	13.2%	12.6%	14.0%	13.7%	16.8%	14.4%	15.0%
BIS III T2-ratio	14.7%	15.3%	14.6%	16.3%	16.1%	19.8%	16.8%	17.3%
Tang. Equity/Assets	9.9%	9.5%	9.7%	9.7%	9.4%	10.7%	10.8%	10.9%
Tang. Equity/Lending	18.3%	17.7%	17.8%	17.9%	17.6%	20.8%	21.2%	21.2%
Leverage ratio	7.8%	7.9%	7.8%	8.5%	7.8%	9.3%	9.1%	9.6%

### CREDIT QUALITY

DKKm	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18E	Q4 18E
Impaired loans	0	0	0	0	0	0	0	0
Loan loss reserves	1,338	1,197	975	1,143	1,341	1,137	1,080	1,074
Coverage ratio	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Loan loss reserves / Total loans	12.64%	10.97%	8.67%	9.91%	11.50%	9.61%	8.98%	8.87%
Impaired loans / Total loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Collective/total provisions	0%	0%	0%	0%	0%	0%	0%	0%
Perf. Impaired loans/Impaired loans	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Loan loss ratio	-0.41%	-0.35%	-0.09%	-0.38%	-0.41%	0.26%	-0.22%	0.00%
Growth loan loss reserves (y/y)	-22%	-18%	-12%	-16%	0%	-5%	11%	-6%
Growth impaired loans (y/y)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

### PROFITABILITY

Adjusted for non-rec. Items	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18E	Q4 18E
RoE	10.1%	8.7%	8.7%	4.4%	4.7%	3.7%	4.9%	5.0%
RoTBV	10.9%	9.4%	9.3%	4.7%	5.0%	3.9%	5.2%	5.2%
C/I	-70.3%	-73.2%	-74.6%	-83.8%	-81.2%	-91.3%	-80.1%	-83.1%
Nil-margin	4.40%	4.48%	4.37%	4.32%	3.92%	3.96%	3.77%	4.13%

### REVENUE DISTRIBUTION

Adjusted for non-rec. Items	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18E	Q4 18E
Net Interest Income	45%	48%	49%	52%	49%	52%	46%	50%
Net Commission Income	47%	44%	47%	44%	52%	56%	42%	45%
Net result from financial transactions	0%	0%	0%	0%	0%	0%	0%	0%
Net insurance income	0%	0%	0%	0%	0%	0%	0%	0%
Other Income	2%	3%	1%	1%	2%	2%	2%	2%

Source: Company data and Nordea estimates

**QUARTERLY INCOME STATEMENT AND BALANCE SHEET**
**INCOME STATEMENT**

DKKm	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18E	Q4 18E
Net Interest Income	130	136	137	139	129	136	133	135
Net Commission Income	122	112	118	104	123	126	105	112
Net result from financial transactions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net insurance income	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other income	4	8	4	16	4	4	5	5
<b>Total revenues</b>	<b>275</b>	<b>269</b>	<b>265</b>	<b>264</b>	<b>285</b>	<b>245</b>	<b>268</b>	<b>260</b>
Staff costs	161	173	171	187	176	186	184	192
Other operating costs	5	5	5	4	5	4	4	4
Depreciation	17	12	12	17	11	16	11	12
<b>Total Expenses</b>	<b>183</b>	<b>191</b>	<b>187</b>	<b>208</b>	<b>191</b>	<b>206</b>	<b>199</b>	<b>208</b>
<b>Profit before loan losses</b>	<b>91</b>	<b>78</b>	<b>78</b>	<b>56</b>	<b>94</b>	<b>39</b>	<b>69</b>	<b>52</b>
Loan losses	11	9	3	11	12	-8	6	0
Write-downs on assets	1	0	-1	3	1	1	-1	1
<b>Operating profit</b>	<b>81</b>	<b>69</b>	<b>74</b>	<b>49</b>	<b>83</b>	<b>48</b>	<b>62</b>	<b>53</b>
Taxes	7	7	6	-4	2	12	4	2
Discontinued operations	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Minority interest	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Net profit to equity</b>	<b>75</b>	<b>62</b>	<b>68</b>	<b>53</b>	<b>80</b>	<b>36</b>	<b>58</b>	<b>52</b>

**BALANCE SHEET**

DKKm	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18E	Q4 18E
Cash / Interbank	377	362	347	357	360	360	406	406
Loans to credit institutions	1,336	1,400	1,381	1,831	2,489	2,270	2,191	2,191
Loans to the public	10,695	11,121	11,371	11,681	11,642	12,022	12,014	12,206
Goodwill and other intangibles	148	145	141	138	135	131	128	128
<b>Total assets</b>	<b>19,814</b>	<b>20,776</b>	<b>20,954</b>	<b>21,487</b>	<b>21,704</b>	<b>23,362</b>	<b>23,529</b>	<b>23,721</b>
<b>Interbank/owed to credit institutions</b>	<b>349</b>	<b>429</b>	<b>370</b>	<b>439</b>	<b>337</b>	<b>377</b>	<b>518</b>	<b>518</b>
Deposits	15,542	16,287	16,370	16,589	16,846	17,503	17,369	17,419
Subordinated loans	368	353	353	403	403	531	532	415
Minority interest	0	0	0	0	0	0	0	0
Shareholders equity	2,106	2,114	2,168	2,228	2,184	2,636	2,674	2,715
<b>Total equity and liabilities</b>	<b>19,814</b>	<b>20,776</b>	<b>20,954</b>	<b>21,487</b>	<b>21,704</b>	<b>23,362</b>	<b>23,529</b>	<b>23,721</b>
Loans to deposits	69%	68%	69%	70%	69%	69%	69%	70%
Non-mortg. loans to deposits	69%	68%	69%	70%	69%	69%	69%	70%
LCR	0%	0%	0%	0%	0%	0%	0%	0%
NSFR	0%	0%	0%	0%	0%	0%	0%	0%

**GROWTH (Y/Y)**

Adjusted for non rec.items	Q1 17	Q2 17	Q3 17	Q4 17	Q1 18	Q2 18	Q3 18E	Q4 18E
Net interest income	-6%	-3%	2%	0%	-2%	-4%	-8%	1%
Net commission income	16%	7%	21%	-8%	1%	12%	-11%	8%
<b>Total Revenues</b>	<b>2%</b>	<b>17%</b>	<b>-4%</b>	<b>4%</b>	<b>-10%</b>	<b>-11%</b>	<b>-1%</b>	<b>5%</b>
Staff costs	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
<b>Total expenses</b>	<b>10%</b>	<b>6%</b>	<b>4%</b>	<b>1%</b>	<b>4%</b>	<b>11%</b>	<b>6%</b>	<b>4%</b>
Profit before loan losses	-14%	60%	-21%	25%	-43%	-71%	-23%	10%
Operating profit	31%	228%	8%	128%	-51%	-52%	-30%	41%
<b>Net profit to equity</b>	<b>31%</b>	<b>228%</b>	<b>8%</b>	<b>128%</b>	<b>-51%</b>	<b>-52%</b>	<b>-30%</b>	<b>41%</b>
Loans to the public (rep)	10%	13%	13%	12%	9%	8%	6%	5%
Deposits	7%	5%	6%	6%	8%	7%	6%	5%
Assets	6%	5%	7%	8%	10%	12%	12%	10%
REA growth (BIS Trans)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
REA growth (BIS III)	12%	5%	11%	7%	3%	11%	2%	2%

*Source: Company data and Nordea estimates*

**ANNUAL KEY DATA****SHARE DATA**

DKKm	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
EPS	0.00	0.00	0.00	0.00	0.00	12.23	15.41	9.52	15.00	16.84
EPS adj	n.a.	n.a.	n.a.	n.a.	n.a.	8.29	13.00	6.58	12.89	14.47
BVPS	n.m.	n.m.	n.m.	n.m.	n.m.	157.9	170.9	156.3	168.9	183.1
TVBS	n.m.	n.m.	n.m.	n.m.	n.m.	146.4	160.4	148.9	161.5	175.7
DPS (tot.)	0.00	0.00	0.00	0.00	3.00	3.05	0.00	2.38	3.75	4.21
Dividend pay-out ratio	n.m.	n.m.	n.m.	n.m.	n.m.	25%	0%	25%	25%	25%
Share repurchases (per share)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	0.00	0.00	0.00	0.00
Total pay-out ratio	0%	0%	0%	0%	0%	9%	0%	16%	23%	23%
Share price (period end)	n.a.	n.a.	n.a.	n.a.	97	106	114	96	96	96
Market cap. (m)	n.a.	n.a.	n.a.	n.a.	0	1,385	1,482	1,668	1,668	1,668
Dil. number of shares	0	0	0	0	0	13	13	17	17	17

**VALUATION**

(x)	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
P/E	n.a.	n.a.	n.a.	n.a.	n.m.	8.7	7.4	10.1	6.4	5.7
P/E (adj.)	n.a.	n.a.	n.a.	n.a.	n.a.	12.8	8.7	14.6	7.4	6.6
P/BV	n.a.	n.a.	n.a.	n.a.	0.00	0.67	0.67	0.61	0.57	0.52
P/TBV	n.a.	n.a.	n.a.	n.a.	0.00	0.73	0.71	0.64	0.59	0.55
Dividend yield (tot.)	n.a.	n.a.	n.a.	n.a.	3.1%	2.9%	0.0%	2.5%	3.9%	4.4%
Total yield	n.a.	n.a.	n.a.	n.a.	n.m.	n.m.	0.0%	2.5%	3.9%	4.4%

**CAPITAL RATIOS**

%	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
BIS II Trans. CET1-ratio	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
BIS II Trans. Capital ratio	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
BIS III CET	0	1,960	1,141	1,207	1,472	1,576	1,818	2,267	2,450	2,671
BIS III REA	0	12,728	14,203	14,459	14,721	15,858	16,973	17,385	18,471	19,140
BIS III CET1-ratio	n.m.	15.4%	8.0%	8.3%	10.0%	9.9%	10.7%	13.0%	13.3%	14.0%
BIS III T1-ratio	n.m.	17.4%	12.7%	11.6%	13.0%	12.9%	14.0%	15.0%	15.1%	15.7%
BIS III Capital ratio	n.m.	19.5%	15.1%	14.7%	15.5%	15.6%	16.3%	17.3%	17.3%	17.9%
Tang. Equity/Assets	10.2%	11.8%	6.7%	7.5%	9.5%	9.6%	9.7%	10.9%	11.4%	12.2%
Tang. Equity/Lending	17.2%	21.6%	12.3%	14.6%	18.2%	18.2%	17.9%	21.2%	21.5%	22.5%
Leverage ratio	10.1%	11.5%	5.7%	6.2%	7.9%	7.9%	8.5%	9.6%	10.0%	10.6%

**CREDIT QUALITY**

DKKm	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Impaired loans	0	0	0	0	0	0	0	0	0	0
Loan loss reserves	0	967	3,116	2,755	1,908	1,361	1,143	1,074	1,053	1,032
Coverage ratio	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Loan loss reserves / Total loans	0.00%	9.65%	30.90%	26.38%	19.33%	13.45%	10.32%	9.00%	8.33%	7.75%
Impaired loans / Total loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Collective/total provisions	n.m.	0%	0%	0%	0%	0%	0%	0%	0%	0%
Perf. Impaired loans/Impaired loans	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Loan loss ratio	-0.99%	-2.30%	-15.77%	-2.36%	-1.50%	-1.10%	-0.32%	-0.09%	-0.33%	-0.34%
Growth loan loss reserves (y/y)	n.a.	n.m.	222%	-12%	-31%	-29%	-16%	-6%	-2%	-2%
Growth impaired loans (y/y)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

**PROFITABILITY**

Adjusted for non-rec. Items	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
RoE	1.4%	0.9%	-39.7%	11.4%	8.1%	5.4%	7.9%	4.6%	7.9%	8.2%
RoTBV	1.5%	1.0%	-44.4%	12.9%	8.9%	5.9%	8.5%	4.9%	8.3%	8.6%
C/I	-74.3%	-64.5%	-50.6%	-60.6%	-71.0%	-74.8%	-75.3%	-83.8%	-71.4%	-69.5%
NII-margin	3.77%	4.90%	5.07%	6.27%	6.10%	4.89%	4.39%	3.93%	4.57%	4.58%

**REVENUE DISTRIBUTION**

Adjusted for non-rec. Items	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Net Interest Income	79%	64%	45%	60%	62%	51%	48%	49%	51%	51%
Net Commission Income	44%	33%	25%	33%	43%	44%	45%	49%	45%	45%
Net result from financial transactions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net insurance income	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other Income	3%	3%	33%	1%	2%	0%	2%	2%	2%	2%

Source: Company data and Nordea estimates

**ANNUAL INCOME STATEMENT AND BALANCE SHEET****INCOME STATEMENT**

DKKm	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Net Interest Income	366	491	511	654	602	551	542	534	600	632
Net Commission Income	204	250	288	365	418	421	457	466	514	539
Net result from financial transactions	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net insurance income	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other income	15	26	373	15	15	24	31	17	18	18
<b>Total revenues</b>	<b>465</b>	<b>762</b>	<b>1,141</b>	<b>1,090</b>	<b>978</b>	<b>1,043</b>	<b>1,073</b>	<b>1,059</b>	<b>1,161</b>	<b>1,220</b>
Staff costs	307	441	500	577	613	644	691	738	748	766
Other operating costs	17	14	30	47	50	14	19	17	17	17
Depreciation	22	36	48	36	31	52	59	49	49	49
<b>Total Expenses</b>	<b>345</b>	<b>492</b>	<b>578</b>	<b>660</b>	<b>694</b>	<b>710</b>	<b>769</b>	<b>804</b>	<b>814</b>	<b>833</b>
<b>Profit before loan losses</b>	<b>119</b>	<b>270</b>	<b>564</b>	<b>429</b>	<b>284</b>	<b>333</b>	<b>304</b>	<b>255</b>	<b>347</b>	<b>387</b>
Loan losses	85	249	1,460	257	150	107	33	11	40	45
Write-downs on assets	0	0	1	3	3	2	3	2	2	2
<b>Operating profit</b>	<b>34</b>	<b>22</b>	<b>-895</b>	<b>175</b>	<b>136</b>	<b>228</b>	<b>273</b>	<b>246</b>	<b>309</b>	<b>344</b>
Taxes	6	2	-152	-4	-8	12	16	20	27	30
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	0	0	0	0	0	0
<b>Net profit to equity</b>	<b>28</b>	<b>20</b>	<b>-743</b>	<b>180</b>	<b>144</b>	<b>216</b>	<b>257</b>	<b>225</b>	<b>282</b>	<b>314</b>

**BALANCE SHEET**

DKKm	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Cash / Interbank	94	104	328	572	623	384	357	406	406	406
Loans to credit institutions	784	351	561	905	376	1,364	1,831	2,191	2,191	2,191
Loans to the public	10,790	9,259	10,906	9,981	9,763	10,474	11,681	12,206	13,061	13,583
Goodwill and other intangibles	233	213	186	174	162	150	138	128	128	128
<b>Total assets</b>	<b>18,259</b>	<b>16,983</b>	<b>20,099</b>	<b>19,322</b>	<b>18,730</b>	<b>19,859</b>	<b>21,487</b>	<b>23,721</b>	<b>24,575</b>	<b>25,098</b>
<b>Interbank/owed to credit institutions</b>	<b>316</b>	<b>1,258</b>	<b>370</b>	<b>308</b>	<b>319</b>	<b>429</b>	<b>439</b>	<b>518</b>	<b>518</b>	<b>518</b>
Deposits	12,166	11,713	15,723	15,315	14,633	15,647	16,589	17,419	18,290	18,838
Subordinated loans	823	636	1,282	596	465	466	403	415	415	415
Minority interest	0	0	0	0	0	0	0	0	0	0
Shareholders equity	2,093	2,216	1,529	1,631	1,939	2,058	2,228	2,715	2,934	3,181
<b>Total equity and liabilities</b>	<b>18,259</b>	<b>16,983</b>	<b>20,099</b>	<b>19,322</b>	<b>18,730</b>	<b>19,859</b>	<b>21,487</b>	<b>23,721</b>	<b>24,575</b>	<b>25,098</b>
Loans to deposits	89%	79%	69%	65%	67%	67%	70%	70%	71%	72%
Non-mortg. loans to deposits	89%	79%	69%	65%	67%	67%	70%	70%	71%	72%
LCR	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
NSFR	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

**GROWTH (Y/Y)**

Adjusted for non rec.items	2011	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Net interest income	0%	34%	4%	28%	-8%	-18%	-2%	-3%	23%	6%
Net commission income	8%	23%	15%	27%	15%	1%	8%	2%	10%	5%
<b>Total Revenues</b>	<b>-17%</b>	<b>64%</b>	<b>50%</b>	<b>-5%</b>	<b>-10%</b>	<b>-1%</b>	<b>4%</b>	<b>-4%</b>	<b>19%</b>	<b>5%</b>
Staff costs	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
<b>Total expenses</b>	<b>0%</b>	<b>42%</b>	<b>17%</b>	<b>14%</b>	<b>5%</b>	<b>4%</b>	<b>5%</b>	<b>6%</b>	<b>1%</b>	<b>2%</b>
Profit before loan losses	-45%	126%	109%	-24%	-34%	-14%	2%	-37%	109%	12%
Operating profit	23%	-36%	-4,233%	120%	-22%	2%	57%	-32%	96%	12%
<b>Net profit to equity</b>	<b>58%</b>	<b>-30%</b>	<b>-3,852%</b>	<b>124%</b>	<b>-20%</b>	<b>-25%</b>	<b>57%</b>	<b>-32%</b>	<b>96%</b>	<b>12%</b>
Loans to the public (rep)	25%	-14%	18%	-8%	-2%	7%	12%	5%	7%	4%
Deposits	42%	-4%	34%	-3%	-4%	7%	6%	5%	5%	3%
Assets	19%	-7%	18%	-4%	-3%	6%	8%	10%	4%	2%
REA growth (BIS Trans)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
REA growth (BIS III)	n.a.	n.a.	12%	2%	2%	8%	7%	2%	6%	4%

Source: Company data and Nordea estimates

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