

13 January 2022

Commissioned research: Sparekassen Sjælland-Fyn – Another guidance upgrade ahead of Q4, partly driven by quality items

Marketing material commissioned by Sparekassen Sjælland-Fyn

This morning, January 13, Sparekassen Sjælland-Fyn revised its 2021 guidance and gave 2022 outlook ahead of the Q4 report. Sparekassen adjusts its 2021 pre-tax profit guidance from the range of DKK 485-525m to approx. DKK 530m. We estimate 2021 PTP of DKK 515m, i.e. a ~3% beat to our estimates on full-year basis and a ~15% beat in Q4 2021. According to the announcement, the guidance revision is led by solid developments in core earnings as well as strong credit quality – similar to what we have heard from other Danish banks this week. For 2022, Sparekassen guides for pre-tax profit in the range DKK 385-510m. We estimate DKK ~430m and hence find ourselves slightly below the new guidance mid-point. Given today's announcement, we expect Sparekassen to deliver on three of its four financial targets for 2021 but to fall short of the ambitious income-cost ratio of 1.7. As Sparekassen Sjælland-Fyn approaches the end of its 'New Ways' strategy cycle, we expect investor focus to shift towards new strategy initiatives. Building on a new solid foundation, Sparekassen Sjælland-Fyn is set to present their new strategy and financial targets before the end of April 2022, which we expect will continue to focus on improving the underlying profitability. Given today's announcement, we expect to make positive EPS revisions for 2021-2022 in the range of ~3-6%.

SUMMARY TABLE - KEY FIGURES

DKKm	2018	2019	2020	2021E	2022E	2023E
Total revenue	1,042	1,097	1,186	1,255	1,256	1,285
Total costs	815	830	818	795	799	804
LL-ratio	-0.04%	-0.14%	-1.33%	0.28%	-0.32%	-0.40%
PTP	230	251	242	515	432	446
RoE	8.5%	8.2%	7.8%	13.3%	9.8%	9.2%
RoTBV (adj)	3.8%	6.6%	6.0%	12.3%	9.3%	8.8%
P/E (adj)	13.6	8.8	9.2	8.6	10.4	10.3
P/BV	0.52	0.55	0.52	0.97	0.92	0.86
P/TBV	0.54	0.56	0.54	1.00	0.94	0.88
BIS III CT1-ratio	13.0%	14.0%	16.1%	16.9%	17.4%	18.0%
DPS (ord, DKK)	2.50	3.00	0.00	6.00	6.00	6.00
Dividend Yield	0.00%	3.11%	3.35%	0.00%	3.16%	3.16%
Total payout ratio	0.18	0.23	0.00	0.24	0.31	0.30

Source: Company data and Nordea estimates

Completion date: 13 Jan 2022, 10:22 CET

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