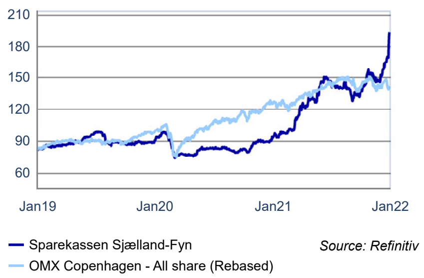
Sparekassen Sjælland-Fyn

Financials
Denmark

KEY DATA

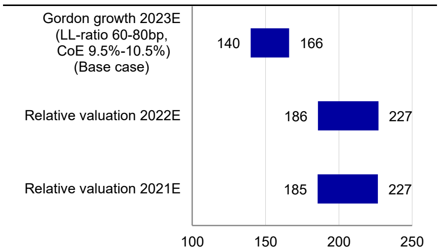
Stock country	Denmark
Bloomberg	SPKSJF DC
Reuters	SPKSJF.CO
Share price (close)	DKK 194.0
Free Float	84%
Market cap. (bn)	EUR 0.45/DKK 3.37
Website	www.spks.dk/
Next report date	10 Feb 2022

PERFORMANCE



Source: Refinitiv

VALUATION APPROACH



Source: Nordea estimates

ESTIMATE CHANGES

Year	2021E	2022E	2023E
Total revenue	0%	0%	1%
Total costs	0%	0%	0%
Profit before loan losses	1%	1%	2%
PTP	3%	6%	2%
DPS (ord)	0%	0%	0%
EPS (adj)	3%	6%	2%

Source: Nordea estimates

Nordea Markets - Analysts
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Analyst

2022 outlook to trigger positive EPS revisions

Sparekassen Sjælland-Fyn upgraded its 2021 guidance on 13 January, ahead of the Q4 report on 10 February. Preliminary pre-tax profit guidance for 2021 (DKK 530m) is now ~65% above the initial guidance midpoint (DKK 320m). According to the bank, the positive result has been led by improvements in core earnings, as well as solid credit quality. Following the new FSA guidelines, Sparekassen also announced an initial 2022 pre-tax profit outlook in the range of DKK 385-510m. We raise 2021E-23E adjusted EPS by 2-6%, mainly due to low-quality items. Meanwhile, we estimate 2022E pre-tax profit of DKK 458m, slightly above the guidance midpoint, but further upside appears within reach. Our new Gordon growth-based fair value range is DKK 140-166 (135-160).

Further 2022E upside within reach

Sector tailwinds have fuelled a total of four 2021 guidance revisions for Sparekassen Sjælland-Fyn and we expect the bank to book a total of DKK ~42m in loan loss reversals for the 2021 financial year. During the same period, however, Sparekassen's management buffer has been increased to DKK 215m (~7% of market cap). In 2019 (pre-COVID-19), Sparekassen's management buffer was DKK ~50m. For 2022, Sparekassen assumes weaker loan losses and market value adjustments compared to 2021. We estimate 2022E pre-tax profit of DKK 458, including DKK 20m in loan losses (i.e. a 15 bp loan loss ratio). Given the current size of the management buffer and recent developments in asset quality across the sector, we would not be surprised to see Sparekassen continue reversing loan loss provisions in 2022E. If the bank reaches the 2019 management buffer level via reversals in 2022, this would imply a ~40% upside to our 2022 estimate, all else equal.

We raise 2021E-23E adjusted EPS by 2-6%

We lift 2021E-23E profit before loan losses by 1-2% and 2021E-23E EPS by 2-6%. The majority of our EPS revisions are driven by low quality items, but we pencil in improvements on quality income lines following recent months of strong growth across the Danish banking sector.

Concluding the 'New Ways' strategy period

We expect Sparekassen to deliver on three of its four financial targets for 2021, but note that the bank has improved across all four financial targets (see section below). From now, all eyes are on the upcoming upcoming strategy plan, which will be announced before April 2022. Following the recent weeks' strong share performance, Sparekassen Sjælland-Fyn is now trading at an adjusted P/E of ~9.9x 2022E, which is ~12% below Danish peers.

SUMMARY TABLE - KEY FIGURES

DKKm	2017	2018	2019	2020	2021E	2022E	2023E
Total revenue	1,073	1,042	1,097	1,186	1,261	1,261	1,292
Total costs	769	815	830	818	795	798	804
LL-ratio	-0.30%	-0.04%	-0.14%	-1.33%	0.34%	-0.16%	-0.39%
PTP	273	230	251	242	530	458	454
RoE	12.0%	8.5%	8.2%	7.8%	13.7%	10.3%	9.3%
RoTBV (adj)	8.5%	4.4%	6.6%	6.0%	12.7%	9.9%	8.9%
P/E (adj)	8.7	13.6	8.8	9.2	8.5	10.0	10.4
P/BV	0.67	0.52	0.55	0.52	0.99	0.93	0.87
P/TBV	0.71	0.54	0.56	0.54	1.02	0.95	0.89
BIS III CT1-ratio	10.7%	13.0%	14.0%	16.1%	16.9%	17.5%	18.1%
DPS (ord, DKK)	0.00	2.50	3.00	0.00	6.00	6.00	6.00
Dividend Yield (ord)	0.00%	3.11%	3.35%	0.00%	3.09%	3.09%	3.09%
Total payout ratio	0.00	0.18	0.23	0.00	0.24	0.29	0.30

Source: Company data and Nordea estimates

Estimates

CHANGES TO OUR ESTIMATES

	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
DKKm		**New estimates**			**Change in estimates**			**Old estimates**	
Interest income	659	676	691	0%	1%	1%	658	671	684
Interest expense	75	78	81	0%	0%	0%	75	78	81
Net interest income	**584**	**598**	**610**	**0%**	**1%**	**1%**	**583**	**593**	**603**
Dividends on shares etc	18	18	18	0%	0%	0%	18	18	18
Fees and commission income	636	651	671	0%	0%	0%	634	650	670
Fees and commission expenses	18	18	18	0%	0%	0%	18	18	18
Net interest and fee income	**1,220**	**1,249**	**1,280**	**0%**	**0%**	**1%**	**1,218**	**1,244**	**1,273**
Market value adjustments	25	-8	-8	17%	0%	0%	21	-8	-8
Other operating income	16	20	20	0%	0%	0%	16	20	20
Total income	**1,261**	**1,261**	**1,292**	**0%**	**0%**	**1%**	**1,255**	**1,256**	**1,285**
Staff costs and administrative expenses	725	730	735	0%	0%	0%	725	730	735
Amortisation, depreciation and impairment losses	51	51	51	0%	0%	0%	51	51	51
Other operating expenses	19	18	18	0%	0%	0%	19	18	18
Total costs	**795**	**798**	**804**	**0%**	**0%**	**0%**	**795**	**799**	**804**
Profit before loan losses	**466**	**463**	**489**	**1%**	**1%**	**2%**	**460**	**457**	**481**
Loan losses	-42	20	50	22%	-50%	0%	-34	40	50
Profit/loss on investments in associates and group enterprises	23	15	15	6%	0%	0%	22	15	15
Profit before tax	**530**	**458**	**454**	**3%**	**6%**	**2%**	**515**	**432**	**446**
Tax	92	96	106	3%	6%	2%	89	91	104
Net profit	**438**	**362**	**349**	**3%**	**6%**	**2%**	**426**	**341**	**342**
EPS adj., DKK	**22.70**	**19.46**	**18.73**	**3%**	**6%**	**2%**	**22.04**	**18.29**	**18.39**
DPS, DKK	**6.00**	**6.00**	**6.00**	**0%**	**0%**	**0%**	**6.00**	**6.00**	**6.00**

Source: Company data and Nordea estimates

Concluding the 'New Ways' strategy period

During the New Ways strategy period, Sparekassen Sjælland-Fyn has improved on all of its financial objectives, which have been focused on operational efficiency, profitability and capital adequacy. During the strategy period, Sparekassen has realised efficiency gains of DKK 150m, while we estimate capital ratios have improved by more than 6 pp. We expect Sparekassen to deliver on three of its four financial targets for 2021 but fall short of the ambitious income-cost ratio. Sparekassen Sjælland-Fyn expects to present its new strategy and financial targets before the end of April 2022, in advance of the Q1 2022 report.

A stronger foundation and more within reach

Sparekassen Sjælland-Fyn launched the 'New Ways' strategy plan in November 2017 following the IPO in December 2015. In short, the 'New Ways' strategy project has aimed to support a profitable growth journey towards 2021 by increasing the bank's operational efficiency while securing a solid capital foundation. The strategy project has been based on seven strategic pillars and four financial targets – all set to be met by 2021 or earlier. We estimate Sparekassen Sjælland-Fyn has delivered on three of the four financial targets by Q4 2021 and believe that further improvements are within reach.

We estimate Sparekassen Sjælland-Fyn will deliver on three of the four 'New Ways' strategy targets by 2021 while falling short of the ambitious income-cost ratio target

NEW WAYS FINANCIAL OBJECTIVES

	2021 targets	2021 Nordea estimate
Increased efficiency	Staff and administrative costs of 1.75% our business volume	1.74%
Solid profitability	ROE after tax of 9-11%	12.21%
High income/cost ratio DKK	Income/cost ratio of at least 1.7	1.55
A robust foundation (part 1)	CET1 ratio of at least 13%	16.9%
A robust foundation (part 2)	Total capital ratio of at least 17%	23.0%

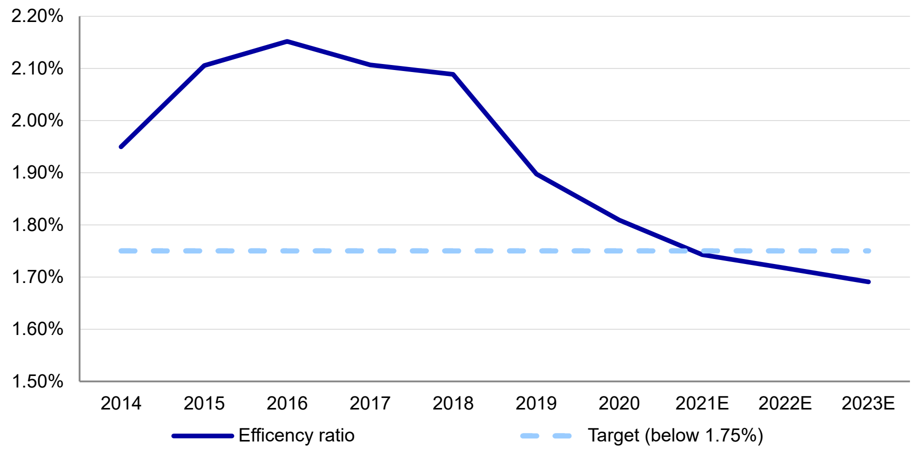
Source: Company data and Nordea estimates

No. 1: The efficiency target

Measured as staff and administrative expenses over total business volume (lending, guarantees, deposits, and deposits in pooled schemes), we estimate that Sparekassen Sjælland-Fyn has improved its operational efficiency by more than 15% during the 'New Ways' strategy period from 2017 to 2021. The business volume is set to increase by ~20% from 2017 levels, while staff and administrative expenses are set to increase by just ~5%. We estimate this corresponds to an efficiency gain of DKK ~150m.

Sparekassen Sjælland-Fyn is set to deliver on its efficiency target, which corresponds to efficiency gains of DKK 150m during the 'New Ways' strategy period, we estimate

NO. 1: INCREASED EFFICIENCY (%)



Source: Company data and Nordea estimates

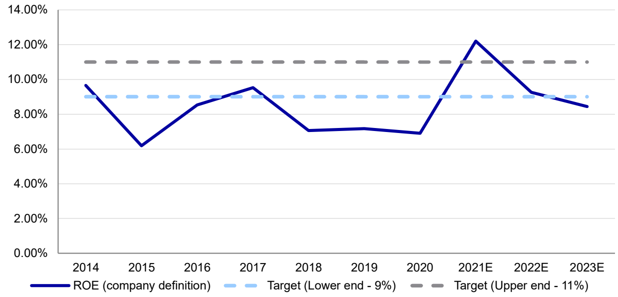
No. 2 & 3: The profitability targets

Sparekassen is set to deliver on its ROE target while the income-cost target seems too ambitious at this point

We expect Sparekassen Sjælland-Fyn to deliver an ROE (company definition) above 12% for 2021, which is above the targeted range of 9-11%. Meanwhile, we estimate a ROE in the range of 8-9% for 2022E and 2023E.

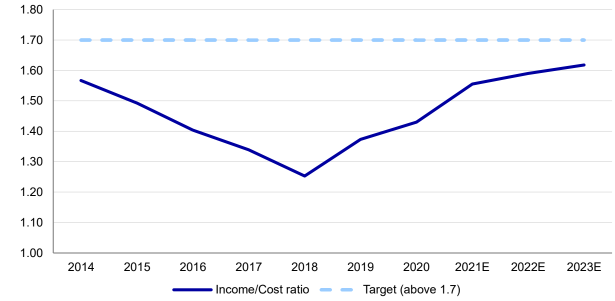
Furthermore, Sparekassen Sjælland-Fyn is set to reach a income-cost ratio of 1.55x, which is below the ambitious New Ways target of 1.70x. To reach the target by Q4 2021, the bank would have to increase income by DKK ~120m (~10%) or reduce costs by DKK ~70m (~9%), based on our estimates.

NO. 2: SOLID PROFITABILITY (%)



Source: Company data and Nordea estimates

NO. 3: HIGH INCOME/COST RATIO (x)



Source: Company data and Nordea estimates

No. 4: The capital target

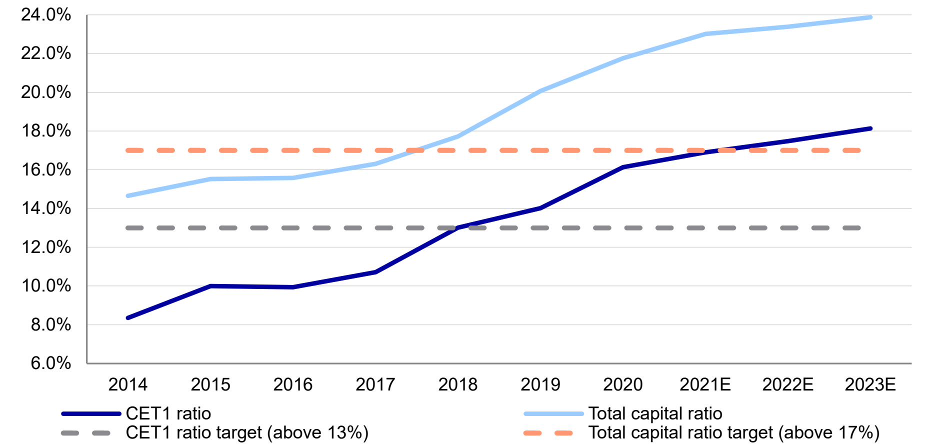
Sparekassen Sjælland-Fyn capital ratios have been adequately above the New Ways capital targets since 2018

Amid the introduction of the New Ways strategy project, Sparekassen Sjælland-Fyn launched a share issue with the objective to repay high-interest loan capital while improving its overall capital positions. The share issue generated DKK 437m in net proceeds and helped to insure that Sparekassen was sufficiently bolstered by Q4 2018 according to the New Ways' capital targets, which require a CET1 ratio and a solvency ratio above 13% and 17%, respectively.

Since then, Sparekassen's capital positions have improved as net profits have surmounted REA appreciations and capital repatriation. As of Q3 2021, Sparekassen's CET1 ratio was 15.1% while the solvency ratio was 20.6%, excluding 9M 2021 profits. We estimate a 2021 CET1 ratio and a solvency ratio of 16.9% and 23%, respectively, including full-year profits and capital payouts.

We estimate a CET1 ratio of 16.9% and a solvency ratio of 23% by Q4 2021, including full-year profits and capital repatriation

NO. 4: A ROBUST FOUNDATION (%)



Source: Company data and Nordea estimates

Reported numbers and forecasts

QUARTERLY KEY DATA

SHARE DATA

DKKm	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
EPS, DKK	2.17	2.01	4.47	3.11	7.92	5.95	5.32	4.61
EPS adj, DKK	2.10	2.05	3.98	2.73	7.27	6.27	5.35	4.90
BVPS	163.2	165.2	169.7	172.4	180.5	186.3	191.4	196.0
TVBS	158.0	160.0	164.4	167.2	175.2	181.0	186.2	190.8
DPS, DKK								
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)	78.20	83.60	80.20	90.00	111.00	151.00	136.50	165.00
Market cap. (m)	1,359	1,453	1,393	1,564	1,929	2,624	3,371	3,371
Dil. number of shares period end (m)	17	17	17	17	17	17	17	17

VALUATION

(x)	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
P/E	9.0	10.4	4.5	7.2	3.5	6.3	9.1	10.5
P/E (adj.)	9.3	10.2	5.0	8.3	3.8	6.0	9.1	9.9
P/BV	0.48	0.51	0.47	0.52	0.62	0.81	1.01	0.99
P/TBV	0.50	0.52	0.49	0.54	0.63	0.83	1.04	1.02
Dividend yield								
Total yield								

CAPITAL RATIOS

%	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
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	13.6%	14.6%	13.7%	16.1%	14.7%	14.8%	15.1%	16.9%
BIS III T1-ratio	15.8%	16.9%	15.9%	18.4%	16.8%	16.9%	17.3%	19.1%
BIS III T2-ratio	19.6%	20.4%	19.2%	21.8%	20.0%	20.1%	20.6%	23.0%
Tang. Equity/Assets	10.9%	10.6%	10.8%	10.7%	11.2%	11.1%	11.4%	11.6%
Tang. Equity/Lending	22.5%	23.5%	23.8%	24.3%	24.7%	25.8%	26.7%	27.0%
Leverage ratio	9.4%	9.0%	8.9%	9.9%	9.7%	9.3%	9.1%	10.1%

CREDIT QUALITY

DKKm	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
Impaired loans	0	0	0	0	0	0	0	0
Loan loss reserves	719	714	754	747	633	628	649	646
Coverage ratio	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Loan loss reserves / Total loans	5.89%	5.95%	6.34%	6.25%	5.21%	5.12%	5.34%	5.30%
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. Impared loans/Impaired loans	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Loan loss ratio	-2.42%	-1.30%	-1.06%	-0.56%	0.50%	0.61%	-0.32%	0.57%
Growth loan loss reserves (y/y)	-23%	-18%	-9%	14%	-12%	-12%	-14%	-14%
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 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
RoE	5.1%	5.0%	9.5%	6.4%	16.5%	13.7%	11.3%	10.1%
RoTBV	5.3%	5.2%	9.8%	6.6%	17.0%	14.1%	11.7%	10.4%
C/I	-66.9%	-70.2%	-63.1%	-75.9%	-56.6%	-63.0%	-61.5%	-71.6%
NII-margin	4.53%	4.42%	4.75%	4.85%	4.81%	4.88%	4.72%	4.75%

REVENUE DISTRIBUTION

Adjusted for non-rec. Items	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
Net Interest Income	47%	47%	45%	48%	45%	47%	46%	47%
Net Commission Income	59%	53%	43%	45%	50%	53%	49%	50%
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%	1%	1%	2%	1%	1%	1%	1%

Source: Company data and Nordea estimates

QUARTERLY INCOME STATEMENT AND BALANCE SHEET

INCOME STATEMENT

DKKm	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
Net Interest Income	138	132	141	145	146	150	143	145
Net Commission Income	173	148	133	138	164	168	152	152
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	5	4	4	7	3	4	4	5
Total revenues	**292**	**279**	**311**	**304**	**327**	**317**	**312**	**305**
Staff costs	178	178	177	196	173	185	176	190
Other operating costs	6	5	4	9	3	6	4	6
Depreciation	12	13	16	26	9	8	11	22
Total Expenses	**196**	**196**	**196**	**230**	**185**	**200**	**192**	**218**
Profit before loan losses	**97**	**83**	**115**	**73**	**142**	**117**	**120**	**87**
Loan losses	74	39	31	17	-15	-19	10	-18
Write-downs on assets	24	2	5	4	5	4	9	5
Operating profit	**47**	**46**	**89**	**61**	**162**	**140**	**119**	**109**
Taxes	3	5	5	1	18	30	21	23
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.
Net profit to equity	**44**	**41**	**84**	**60**	**144**	**109**	**99**	**86**

BALANCE SHEET

DKKm	Q1 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
Cash / Interbank	440	439	435	481	2,014	2,443	3,639	3,639
Loans to credit institutions	2,553	2,391	2,536	4,813	175	159	202	202
Loans to the public	12,172	11,807	11,980	11,951	12,344	12,194	12,117	12,266
Goodwill and other intangibles	91	91	91	91	91	91	91	91
Total assets	**25,221**	**26,337**	**26,537**	**27,266**	**27,153**	**28,427**	**28,334**	**28,483**
Interbank/owed to credit institutions	**612**	**694**	**858**	**558**	**504**	**850**	**907**	**907**
Deposits	18,549	19,423	19,419	20,001	19,737	20,296	20,054	20,153
Subordinated loans	674	674	569	570	570	570	571	670
Minority interest	0	0	0	0	0	0	0	0
Shareholders equity	2,836	2,871	2,948	2,996	3,136	3,237	3,326	3,406
Total equity and liabilities	**25,221**	**26,337**	**26,537**	**27,266**	**27,153**	**28,427**	**28,334**	**28,483**
Loans to deposits	66%	61%	62%	60%	63%	60%	60%	61%
Non-mortg. loans to deposits	66%	61%	62%	60%	63%	60%	60%	61%
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 20	Q2 20	Q3 20	Q4 20	Q1 21	Q2 21	Q3 21E	Q4 21E
Net interest income	1%	-6%	-3%	4%	6%	13%	2%	0%
Net commission income	27%	4%	5%	-3%	-5%	13%	14%	11%
Total Revenues	**4%**	**4%**	**21%**	**5%**	**12%**	**14%**	**0%**	**0%**
Staff costs	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Total expenses	**1%**	**-2%**	**-5%**	**0%**	**-5%**	**2%**	**-2%**	**-5%**
Profit before loan losses	12%	20%	119%	26%	46%	41%	5%	18%
Operating profit	-40%	-31%	85%	4%	246%	205%	35%	80%
Net profit to equity	**-40%**	**-31%**	**85%**	**4%**	**246%**	**205%**	**35%**	**80%**
Loans to the public (rep)	-1%	-5%	-4%	-2%	1%	3%	1%	3%
Deposits	2%	6%	7%	7%	6%	4%	3%	1%
Assets	4%	6%	7%	8%	8%	8%	7%	4%
REA growth (BIS Trans)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
REA growth (BIS III)	-4%	-14%	-7%	-3%	3%	9%	0%	2%

Source: Company data and Nordea estimates

ANNUAL KEY DATA

SHARE DATA

DKKm	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
EPS, DKK	0.00	0.00	12.23	15.41	8.53	11.64	11.75	23.80	19.41	18.65
EPS adj, DKK	n.a.	n.a.	8.29	13.00	5.89	10.18	9.76	22.70	19.46	18.73
BVPS	n.m.	n.m.	157.9	170.9	155.2	164.1	172.4	196.0	209.2	222.1
TVBS	n.m.	n.m.	146.4	160.4	148.0	158.9	167.2	190.8	203.9	216.9
DPS (tot., DKK)	0.00	3.00	3.05	0.00	2.50	3.00	0.00	6.00	6.00	6.00
Dividend pay-out ratio	n.a.	n.a.	37%	0%	42%	29%	0%	26%	31%	32%
Share repurchases (per share)	n.m.	n.m.	n.m.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total pay-out ratio	0%	0%	9%	0%	18%	23%	0%	24%	29%	30%
Share price (period end)	n.a.	97	106	114	80	90	90	165	194	194
Market cap. (m)	n.a.	0	1,385	1,482	1,397	1,557	1,564	3,371	3,371	3,371
Dil. number of shares	0	0	13	13	17	17	17	17	17	17

VALUATION

(x)	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
P/E	n.a.	n.m.	8.7	7.4	9.4	7.7	7.7	8.2	10.0	10.4
P/E (adj.)	n.a.	n.a.	12.8	8.7	13.6	8.8	9.2	8.5	10.0	10.4
P/BV	n.a.	0.00	0.67	0.67	0.52	0.55	0.52	0.99	0.93	0.87
P/TBV	n.a.	0.00	0.73	0.71	0.54	0.56	0.54	1.02	0.95	0.89
Dividend yield (tot.)	n.a.	3.1%	2.9%	0.0%	3.1%	3.3%	0.0%	3.1%	3.1%	3.1%
Total yield	n.a.	n.m.	n.m.	0.0%	3.1%	3.3%	0.0%	3.1%	3.1%	3.1%

CAPITAL RATIOS

%	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
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	1,207	1,472	1,576	1,818	2,295	2,431	2,709	2,890	3,089	3,300
BIS III REA	14,459	14,721	15,858	16,973	17,639	17,343	16,799	17,100	17,675	18,206
BIS III CET1-ratio	8.3%	10.0%	9.9%	10.7%	13.0%	14.0%	16.1%	16.9%	17.5%	18.1%
BIS III T1-ratio	11.6%	13.0%	12.9%	14.0%	15.1%	16.2%	18.4%	19.1%	19.6%	20.2%
BIS III Capital ratio	14.7%	15.5%	15.6%	16.3%	17.7%	20.1%	21.8%	23.0%	23.4%	23.9%
Tang. Equity/Assets	7.5%	9.5%	9.6%	9.7%	10.8%	10.9%	10.7%	11.6%	12.3%	12.9%
Tang. Equity/Lending	14.6%	18.2%	18.2%	17.9%	21.1%	22.6%	24.3%	27.0%	28.0%	29.1%
Leverage ratio	6.2%	7.9%	7.9%	8.5%	9.6%	9.6%	9.9%	10.1%	10.7%	11.3%

CREDIT QUALITY

DKKm	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Impaired loans	0	0	0	0	0	0	0	0	0	0
Loan loss reserves	2,755	1,908	1,361	1,143	1,014	657	747	646	633	620
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	26.38%	19.33%	13.45%	10.32%	8.50%	5.39%	6.18%	5.34%	5.09%	4.85%
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	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Perf. Impared 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	-2.46%	-1.52%	-1.06%	-0.30%	-0.04%	-0.14%	-1.33%	0.34%	-0.16%	-0.39%
Growth loan loss reserves (y/y)	-12%	-31%	-29%	-16%	-11%	-35%	14%	-14%	-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	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
RoE	11.4%	8.1%	5.4%	7.9%	4.2%	6.4%	5.8%	12.3%	9.6%	8.7%
RoTBV	12.9%	8.9%	5.9%	8.5%	4.4%	6.6%	6.0%	12.7%	9.9%	8.9%
C/I	-60.6%	-71.0%	-74.8%	-75.3%	-86.4%	-77.4%	-70.4%	-64.3%	-64.6%	-63.4%
NII-margin	6.27%	6.10%	4.89%	4.39%	4.00%	4.43%	4.41%	4.62%	4.61%	4.58%

REVENUE DISTRIBUTION

Adjusted for non-rec. Items	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Net Interest Income	60%	62%	51%	48%	51%	50%	46%	45%	46%	46%
Net Commission Income	33%	43%	44%	45%	49%	51%	51%	51%	53%	53%
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	1%	2%	0%	2%	2%	3%	2%	1%	2%	2%

Source: Company data and Nordea estimates

ANNUAL INCOME STATEMENT AND BALANCE SHEET

INCOME STATEMENT

DKKm	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Net Interest Income	654	602	551	542	541	565	557	584	598	610
Net Commission Income	365	418	421	457	464	549	592	636	652	671
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	15	24	31	16	27	21	16	20	20
Total revenues	**1,090**	**978**	**1,043**	**1,073**	**1,042**	**1,097**	**1,186**	**1,261**	**1,261**	**1,292**
Staff costs	577	613	644	691	746	726	729	725	730	735
Other operating costs	47	50	14	19	20	19	23	19	18	18
Depreciation	36	31	52	59	49	85	66	51	51	51
Total Expenses	**660**	**694**	**710**	**769**	**815**	**830**	**818**	**795**	**798**	**804**
Profit before loan losses	**429**	**284**	**333**	**304**	**227**	**267**	**368**	**466**	**463**	**489**
Loan losses	257	150	107	33	4	17	161	-42	20	50
Write-downs on assets	3	3	2	3	8	2	35	23	15	15
Operating profit	**175**	**136**	**228**	**273**	**230**	**251**	**242**	**530**	**458**	**454**
Taxes	-4	-8	12	16	22	25	13	92	96	106
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Minority interest	0	0	0	0	0	0	0	0	0	0
Net profit to equity	**180**	**144**	**216**	**257**	**208**	**227**	**229**	**438**	**362**	**349**

BALANCE SHEET

DKKm	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Cash / Interbank	572	623	384	357	413	441	481	3,639	3,639	3,639
Loans to credit institutions	905	376	1,364	1,831	1,408	2,541	4,813	202	202	202
Loans to the public	9,981	9,763	10,474	11,681	12,174	12,217	11,951	12,266	12,634	12,950
Goodwill and other intangibles	174	162	150	138	125	91	91	91	91	91
Total assets	**19,322**	**18,730**	**19,859**	**21,487**	**23,857**	**25,359**	**27,266**	**28,483**	**28,851**	**29,166**
Interbank/owed to credit institutions	**308**	**319**	**429**	**439**	**425**	**525**	**558**	**907**	**907**	**907**
Deposits	15,315	14,633	15,647	16,589	18,223	18,700	20,001	20,153	20,556	20,967
Subordinated loans	596	465	466	403	454	673	570	670	670	670
Minority interest	0	0	0	0	0	0	0	0	0	0
Shareholders equity	1,631	1,939	2,058	2,228	2,697	2,851	2,996	3,406	3,634	3,860
Total equity and liabilities	**19,322**	**18,730**	**19,859**	**21,487**	**23,857**	**25,359**	**27,266**	**28,483**	**28,851**	**29,166**
Loans to deposits	65%	67%	67%	70%	67%	65%	60%	61%	61%	62%
Non-mortg. loans to deposits	65%	67%	67%	70%	67%	65%	60%	61%	61%	62%
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	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E
Net interest income	28%	-8%	-18%	-2%	-2%	13%	-1%	5%	3%	2%
Net commission income	27%	15%	1%	8%	2%	18%	8%	7%	2%	3%
Total Revenues	**-5%**	**-10%**	**-1%**	**4%**	**-6%**	**14%**	**8%**	**6%**	**0%**	**3%**
Staff costs	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Total expenses	**14%**	**5%**	**4%**	**5%**	**8%**	**2%**	**-1%**	**-3%**	**0%**	**1%**
Profit before loan losses	-24%	-34%	-14%	2%	-48%	89%	42%	29%	-1%	6%
Operating profit	119%	-22%	2%	58%	-42%	82%	-19%	165%	-13%	-1%
Net profit to equity	**124%**	**-20%**	**-25%**	**57%**	**-40%**	**73%**	**-4%**	**133%**	**-14%**	**-4%**
Loans to the public (rep)	-8%	-2%	7%	12%	4%	0%	-2%	3%	3%	2%
Deposits	-3%	-4%	7%	6%	10%	3%	7%	1%	2%	2%
Assets	-4%	-3%	6%	8%	11%	6%	8%	4%	1%	1%
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)	2%	2%	8%	7%	4%	-2%	-3%	2%	3%	3%

Source: Company data and Nordea estimates

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