

A harbor scene at sunset. In the background, modern multi-story buildings with large glass windows are visible. The sky is a warm orange and yellow. In the foreground, several sailboats are docked at a pier. The water reflects the light from the sky and the buildings. The text 'Annual Report 2020' is overlaid in white on the lower part of the image.

# Annual Report 2020

# Highlights from 2020

## PROFIT BEFORE TAX

**Is DKK 241.9m**

Net profit amounts to DKK 228.7m and provides a 7.1% return on opening equity.

## NET INTEREST AND FEE INCOME

**Up 3%**

Net interest and fee income is up by DKK 36.0m to stand at DKK 1,149.3m.

## LEVEL OF COSTS

**Down 2%**

Staff costs and administrative expenses and amortisation, depreciation and impairment losses on assets have gone down by a total of DKK 16.1m to DKK 795.1m.

## CORE EARNINGS

**UP 13%**

The satisfactory development from 2019 has continued in 2020.

## IMPAIRMENT LOSSES ON LOANS AND ADVANCES ETC

**Are DKK 160.9m**

In 2020, management add-ons have increased by DKK 166.6m to stand at DKK 211.8m at 31 December 2020, which is equivalent to around 1.75% of Sparekassen's loans and advances etc. Exclusive of management add-ons, the impairment ratio reflects a reversal of impairment losses of around DKK 5.7m.

## TOTAL CREDITS ARRANGED

**Up 7%**

Total credits arranged in the form of loans and advances and mortgage loans arranged for private and corporate customers have increased to DKK 56.1bn.

## CAPITAL RATIO

**Gone up to 21.8%**

There has been a satisfactory increase in Sparekassen's capital ratio.

## EXECUTION OF THE FINANCIAL TARGETS IN

**NEW WAYS**

In spite of difficult market conditions, developments in core earnings are reflecting the results of the execution of the strategic plan "New Ways". Sparekassen continues to have full focus on delivering on all four financial targets in the strategic plan by the end of 2021.

## PRE-TAX EARNINGS EXPECTATIONS FOR 2021 RANGING FROM

**DKK 300-340M**

Sparekassen's focus will be on earnings and cost levels pursuant to the strategic plan "New Ways".

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Cover photo: The Sparekassen Sjælland-Fyn Group’s head office in Holbæk.

This Interim Report has been prepared in Danish and English, with the Danish version being valid in the event of any inconsistencies.

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# Management commentary

Despite an unpredictable year because of COVID-19 – and the considerable management add-ons caused by this – Sparekassen Sjælland-Fyn has realised a net profit of DKK 228.7m in 2020, which is considered satisfactory.

2020 has been marked by three major focus areas: Timely help for the customers financially affected by COVID-19, continued advice to all other customers, including in the housing area in particular, and sustained focus on executing our strategy “New Ways”.

This focus means that Sparekassen is stepping out of 2020 with a satisfactory net profit and a more agile organisation that has succeeded in maintaining operations, executing the planned strategic initiatives, and adjusting to a new working life because of COVID-19.

## Improved core earnings and increased business volume

Performance-wise, we have – as part of Sparekassen’s strategy – managed, for example, to increase Sparekassen’s core earnings. Like in 2019, core earnings have grown in 2020 and are up 13%.

This growth has been caused, for example, by a number of initiatives that were completed as part of the strategy laid down, with effects regularly feeding through. This is seen for income as well as costs where we have reduced our cost level further, for example, through optimisation measures.

Also, the level of loan conversion activities has remained high in 2020 and the housing market

has been busy as well, for example, with a massive demand for holiday houses. We have increased the total credits arranged in the housing area also in 2020. This was also the year when negative interest rates became normal for the Danes – and for Sparekassen too.

The sum of all this means that the total business volume per employee has increased considerably in 2020 – a development we expect to continue. In line with this, Sparekassen’s capital resources and capital ratios have also gone up compared to last year. Sparekassen’s capital ratio at 31 December 2020 is 21.8%.

## A year marked by COVID-19

Taking social responsibility and showing public spirit have had a special meaning in 2020. The COVID-19 pandemic has involved financial uncertainty for many people, and we have offered our help to those of our customers in need of a helping cash hand. We believe that this hand we will get back tenfold in the form of stronger customer relationships and positive spillover effects on the society we are all part of. Likewise, our focus has been on helping our employees in the best way possible in uncertain times.

However, we can also conclude that, currently, the impact of the COVID-19 pandemic on our customer and credit portfolio has been limited. One of the reasons is that our customer portfolio

is primarily composed of private households and small and medium-sized craft firms, among others. So we have not sustained any heavy losses as a direct consequence of the COVID-19 situation.

Yet, quite naturally, the duration of the pandemic entails that heavy strains have been put on society at large, on businesses and on individuals. For that same reason, it is still difficult to make predictions about the more long-term – and indirect – financial implications of COVID-19.

Since the end of 2019, total management add-ons have been increased by DKK 166.6m, meaning that, at 31 December 2020, management add-ons total DKK 211.8m, or approx 1.75% of Sparekassen’s loans and advances.

We are looking into 2021 with cautious optimism and a focus on keeping up the positive results from 2020 – in terms of the financial results and our strategic plan as well as in terms of the experience and skills gained during a year filled with many unknown factors.

Despite this year’s strong financial performance, we have at Sparekassen decided to follow the authorities’ recommendation to restrain distribution of dividend. In this context, we point out that Sparekassen was among the

few financial institutions to distribute dividend in 2020 before the authorities recommended restraint.

Thank you to customers, shareholders, employees and business partners for the collaboration and efforts in 2020.

## Outlook for 2021

Sparekassen Sjælland-Fyn is standing on a solid foundation when looking into 2021 – a year subject to considerable uncertainty because of the uncertainty about the implications and the duration of the COVID-19 pandemic.

The outlook for 2021 is therefore based on the COVID-19 pandemic being contained through vaccination programmes etc and on most of the related restrictions being lifted in 2021.

2021 is also the last year in Sparekassen’s four-year strategy “New Ways”. Focus will remain on optimising income and costs in 2021. Lower housing market activity is expected, however, based on the business initiatives executed in 2020, core earnings overall are expected to go up.

Impairment losses are expected to be at a higher level than in 2020. Potential tightenings of the current restrictions because of a deterioration

of the COVID-19 situation have not been taken into account in the expectations.

Expectations are that translation and market value adjustments will break even in 2021, assuming that the interest rate level remains roughly unchanged.

Pre-tax earnings expectations then range from DKK 300-340m.

**Lars Petersson**  
Chief Executive Officer

**Bruno Riis-Nielsen**  
Executive Officer  
of the Savings Bank

**Lars Bolding**  
Executive Officer  
of the Savings Bank



**BRUNO RIIS-NIELSEN**  
Executive Officer of  
the Savings Bank

**LARS PETERSSON**  
Chief Executive  
Officer

**LARS BOLDING**  
Executive Officer of  
the Savings Bank

# Hovedtal

## Sparekassen Sjælland-Fyn A/S Group

Amounts in DKK'm	2020	2019	Index <sup>1</sup>	2018	2017	2016
<b>Income statement items</b>						
Interest income calculated under the effective interest method	509	540	94	569	577	617
Other interest income	60	74	81	37	29	36
Negative interest income*	24	18	135	12	-	-
Interest expenses	46	43	106	54	64	102
Positive interest expenses	58	12	-	-	-	-
<b>Net interest income</b>	<b>557</b>	<b>565</b>	<b>99</b>	<b>541</b>	<b>542</b>	<b>551</b>
Dividends on shares	29	25	116	24	27	18
Fees and commission income	579	541	107	459	449	419
Fees and commission expenses paid	16	18	91	19	20	16
<b>Net interest and fee income</b>	<b>1,149</b>	<b>1,113</b>	<b>103</b>	<b>1,005</b>	<b>999</b>	<b>973</b>
Translation and market value adjustments	16	-44	-	21	43	47
Other operating income	21	27	76	16	31	24
Staff costs and administrative expenses	729	726	100	746	691	644
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	66	85	77	49	59	52
Other operating expenses	23	19	121	20	19	14
Impairment losses on loans and advances etc	161	17	-	4	33	107
Investments in associates and group enterprises	35	2	-	8	3	2
<b>Profit for the year before tax</b>	<b>242</b>	<b>251</b>	<b>96</b>	<b>230</b>	<b>273</b>	<b>228</b>
Income tax	13	25	54	22	16	12
<b>Profit for the year after tax</b>	<b>229</b>	<b>227</b>	<b>101</b>	<b>208</b>	<b>257</b>	<b>216</b>
<b>Profit allocated to shareholders</b>	<b>204</b>	<b>202</b>	<b>101</b>	<b>148</b>	<b>201</b>	<b>159</b>

\* In 2016 and 2017, negative interest income from treasury bills are included under interest expenses.

## Sparekassen Sjælland-Fyn A/S Group

Amounts in DKK'm	31.12 2020	31.12 2019	Index <sup>1</sup>	31.12 2018	31.12 2017	31.12 2016
<b>Balance sheet items</b>						
Loans and advances etc	11,951	12,217	98	12,174	11,681	10,474
Deposits	20,001	18,700	107	18,223	16,589	15,647
Deposits in pooled plans	2,082	1,771	118	1,313	905	394
Total deposits	22,083	20,470	108	19,536	17,495	16,041
Subordinated loan capital	570	673	85	454	403	466
Equity	3,382	3,237	104	3,083	2,812	2,588
Balance sheet total	27,266	25,359	108	23,857	21,487	19,859
Capital resources	3,655	3,480	105	3,125	2,767	2,469
Total business volume (deposits, loans, advances and guarantees)	41,160	39,426	104	37,068	34,388	31,250
Total credits arranged (Loans and advances etc, Totalkredit and DLR kredit)	56,076	52,278	107	48,404	44,874	41,694
Custody accounts	11,800	10,555	112	9,558	11,077	10,448

<sup>1</sup> Index - 31 December 2020 relative to 31 December 2019

Amounts in DKK'm	2020	2019	Index	2018	2017	2016
<b>Developments in Sparekassen's business areas</b>						
Loans and advances etc	11,951	12,217	98	12,174	11,681	10,474
Totalkredit	32,331	29,811	108	27,229	25,336	24,293
DLR	11,794	10,250	115	9,001	7,857	6,927
Guarantees (exclusive of loss guarantees for mortgage loans)	4,276	4,173	102	2,955	3,046	2,748
Deposits	20,001	18,700	107	18,223	16,590	15,647
Deposits in pooled plans	2,082	1,771	118	1,313	905	394
Custody accounts	11,800	10,555	112	9,558	11,077	10,448
<b>Total</b>	<b>94,235</b>	<b>87,477</b>	<b>108</b>	<b>80,453</b>	<b>76,492</b>	<b>70,931</b>
Average headcount (full-time employees on average)	555	587	95	616	585	552
Per employee	170	149	114	131	131	128

# Financial ratios

## Sparekassen Sjælland-Fyn A/S Group

	31.12 2020	31.12 2019	Index <sup>1</sup>	31.12 2018	31.12 2017	31.12 2016
<b>Financial ratios</b>						
Capital ratio	21.8	20.1	108	17.7	16.3	15.6
Core capital ratio	18.4	16.2	114	15.1	14.0	12.9
Common equity Tier 1 capital	16.1	14.0	115	13.0	10.7	9.9
Excess capital adequacy in percentage points	11.7	10.6	111	8.2	7.2	6.3
Return on equity before tax <sup>2</sup>	7.3	8.0	91	8.0	10.1	9.0
Return on equity after tax <sup>2</sup>	6.9	7.2	96	7.2	9.5	8.5
Income/cost ratio DKK	1.25	1.30	96	1.28	1.34	1.28
I/O jf. Nye veje	1.43	1.37	104	1.25	1.34	-
Rate of cost	69.9	72.8	96	79.8	74.7	71.2
Interest rate risk relative to core capital net of deductions	0.1	0.2	50	-1.0	1.1	-0.2
Currency position relative to core capital net of deductions	1.3	0.6	217	0.7	0.7	0.2
Currency risk relative to core capital net of deductions	0.0	0.0	100	0.0	0.0	0.0
Loans and advances relative to equity	3.5	3.8	92	3.9	4.2	4.0
Loans and advances plus loan impairment losses relative to deposits	57.0	62.9	91	67.5	72.2	71.7
Growth in loans and advances for the year <sup>2</sup>	-2.2	0.4	-	5.5	11.5	7.3
Impairment ratio for the year	0.7	0.1	-	0.0	0.2	0.7
Accumulated impairment ratio <sup>3</sup>	3.6	3.7	97	5.8	5.6	6.8
Zero interest loans and advances relative to total loans and advances	0.6	0.6	100	0.9	-	-
Liquidity benchmark	456	383	119	318	-	-
Liquidity LCR	416	335	124	278	263	200
Total large exposures	67.7	76.5	88	96.1	125.4	-
Return on invested capital <sup>2</sup>	0.9	0.9	100	0.9	1.2	1.1
Earnings per share (DKK) <sup>4</sup>	11.8	11.7	101	9.3	15.3	12.1
Dividend per share (DKK)	0.0	3.0	-	2.5	0.00	3.1
Book value per share (DKK)	173.8	164.7	106	155.3	170.9	159.1
Price/earnings per share <sup>4</sup>	7.6	7.7	99	8.7	7.4	8.7
Price/equity per share <sup>5</sup>	0.5	0.5	79	0.5	0.7	0.7
Price at year-end (DKK)	90.0	89.6	100	80.4	114.5	107
Average headcount (full-time employees on average) <sup>6</sup>	555	587	95	616	585	552
Average headcount (converted into full-time employees at year-end) <sup>6</sup>	556	561	99	622	613	570

<sup>1</sup> Index – 31 December 2020 relative to 31 December 2019

<sup>2</sup> In 2018, the ratio was calculated based on the opening balance sheet following the implementation of IFRS 9.

<sup>3</sup> The ratio does not include discount. Refer to note 11 for a specification of total impairment losses and provisions.

<sup>4</sup> Calculated based on the average number of shares during the year.

<sup>5</sup> Calculated based on the number of outstanding shares at the end of the year.

<sup>6</sup> Engaged in financial business

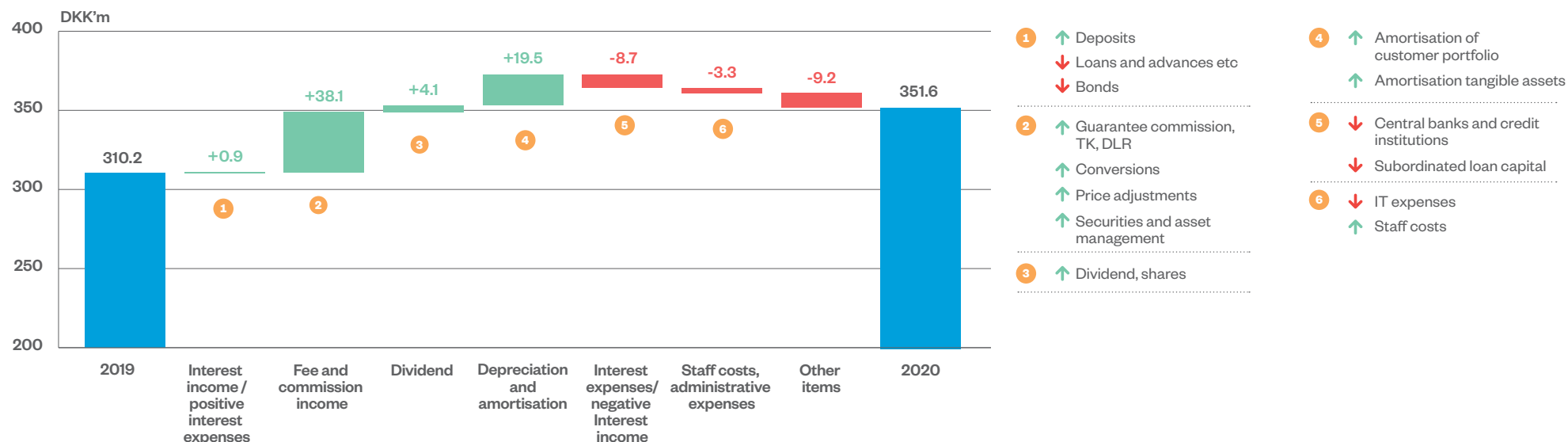


# Core earnings

Sparekassen Sjælland-Fyn A/S (koncernen)

Amounts in DKK'm	YTD 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020	YTD 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019
<b>Core earnings</b>										
Net interest income	556.9	145.1	141.1	132.4	138.2	564.7	140.2	146.1	141.3	137.2
Dividends on shares	29.0	0	0	17.0	12.0	24.9	-	1.0	20.6	3.3
Fees and commission income	579.5	142.4	136.8	134.9	165.4	541.4	147.4	129.8	126.5	137.6
Fees and commission income paid	16.1	4.6	3.9	3.6	4.0	17.7	4.8	3.8	4.2	4.9
Other operating income	20.7	7.3	4.2	4.1	5.2	27.4	4.6	5.3	8.7	8.8
Other operating expenses	23.3	9.0	3.8	5.0	5.6	19.3	8.7	4.0	3.1	3.4
<b>Core income</b>	<b>1,146.7</b>	<b>281.2</b>	<b>274.4</b>	<b>279.8</b>	<b>311.2</b>	<b>1,121.4</b>	<b>278.7</b>	<b>274.4</b>	<b>289.7</b>	<b>278.6</b>
Staff costs and administrative expenses	729.1	195.9	176.9	178.0	178.3	725.7	194.2	177.3	179.6	174.5
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	66.0	25.6	15.8	12.9	11.7	85.5	28.2	24.4	16.5	16.3
<b>Core earnings</b>	<b>351.6</b>	<b>59.7</b>	<b>81.7</b>	<b>88.9</b>	<b>121.2</b>	<b>310.2</b>	<b>56.3</b>	<b>72.7</b>	<b>93.6</b>	<b>87.8</b>

## Development in core earnings





# The Supervisory Diamond

Sparekassen respects all thresholds for the benchmarks of the Danish FSA's risk management tool, "the Supervisory Diamond"; the Supervisory Diamond lays down risk-based benchmarks for five specific areas that credit institutions must comply with.

## The five benchmarks and the current calculations are:

Benchmark	Threshold	Group at 31.12.2020	Group at 31.12.2019
<b>The total of large exposures</b> as a percentage of common equity tier 1 capital	<b>&lt; 175 %</b>	<b>67.7 %</b>	<b>76.5 %</b>
<b>Loan growth per annum</b>	<b>&lt; 20 %</b>	<b>-2.2 %</b>	<b>0.4 %</b>
<b>Property exposure of loans</b> advances and guarantees	<b>&lt; 20 %</b>	<b>10.9 %</b>	<b>11.0 %</b>
<b>Liquidity benchmark</b>	<b>&gt; 100 %</b>	<b>456 %</b>	<b>383 %</b>
<b>Funding ratio</b> loans and advances/working capital less bonds with a term to maturity of less than one year	<b>&lt; 1.00</b>	<b>0.46</b>	<b>0.50</b>

For all five benchmarks, Sparekassen has an internal target that is below the Supervisory Diamond thresholds. The threshold, the total of large exposures, represents the amount of the 20 largest exposures as a percentage of common equity tier 1 capital. For this benchmark, Sparekassen has set an internal threshold of 125% which is much lower than the Supervisory Diamond threshold of 175%.

The internal targets and the controlled management of developments in the five Supervisory Diamond benchmarks entail that Sparekassen does not expect to have any difficulties in respecting the thresholds of the Supervisory Diamond in future either.



# Financial review of the Group

## Financial year 2020

Pre-tax profit for the year amounts to DKK 241.9m. As a consequence of the global COVID-19 pandemic, the financial performance is affected particularly by the much increased management add-ons for impairment losses. Also, it is primarily a result of continuously increasing fee and commission income, a declining level of total staff costs and administrative expenses, amortisation, depreciation and impairment losses for assets, a small decline in net interest income, positive translation and market value adjustments, and increasing profits on investments in associates and group enterprises. Because of the uncertainty arising from the escalation of the COVID-19 situation, Sparekassen decided in the spring of 2020 first to suspend and then to adjust pre-tax earnings expectations for the year downwards. These expectations were later adjusted upward, meaning that the pre-tax profit realised for the year is within the pre-tax range of DKK 230-270m announced at the onset of the year.

Net profit stands at DKK 228.7m.

The profit generated is considered satisfactory in view of the quite extraordinary events in 2020.

## Income statement

### Income

#### Net interest income

Net interest income has decreased by DKK 7.8m and amounts to DKK 556.9m against DKK 564.7m in 2019.

Total interest income has seen a decline of DKK 45.0m and amounts to DKK 569.3m. Interest income is marked by the continuously low interest rate environment and low demand for loans and advances. Interest income from loans and advances has gone down by DKK 31.6m, or 6%. This development is a combination of declines in average lending and the average interest rate on loans and advances. The decline in loans and advances on the balance sheet should be seen in conjunction with the favourable economic climate in the real estate market, entailing that an increasing portion of the customers' debts may be financed by means of mortgage loans. Mortgage loans arranged by Sparekassen have therefore risen by DKK 4.1bn in 2020.

Interest income from the bond portfolio has decreased by DKK 17.7m to DKK 33.1m, which is attributable to a lower average direct interest rate on this portfolio.

In 2020, negative interest income amount to DKK 23.5m against DKK 17.6m in 2019. The negative interest income is related to Sparekassen's placement of excess liquidity in certificates of deposit, treasury bills and short-term floating-rate mortgage credit bonds. Under the requirements to have an appropriate liquidity buffer (LCR ratio), Sparekassen must have a certain amount of liquidity placed in financial assets issued by governments, such as certificates of deposit, treasury bills and government bonds, resulting in negative interest income.

Total interest expenses have gone up by DKK 2.9m to DKK 46.4m. This development arises from interest expenses on subordinated loan capital and issued bonds (eligible liabilities/senior non-preferred bonds) which have increased by DKK 3.0m in total in 2020. Interest expenses for deposits have remained largely the same.

Because of the continuously low interest rate levels and the increasing imbalances between deposits and loans and advances, Sparekassen has in 2020 regularly adjusted the interest rate level for deposit products for both private customers and corporate customers. Following this, each private customer having a NemKonto account with Sparekassen can have up to DKK 100,000 deposited without having to pay negative interest at the annual rate of 0.6%. For corporate and unit trust customers and pension funds, the annual interest rate for deposit products from January 2021 will be a negative 0.75% and a negative 0.60%, respectively, from the first krone deposited. These steps combined with other initiatives are intended to support the future development in net interest income. Positive interest expenses have increased by DKK 45.9m in 2020 to stand at DKK 57.6m at financial year-end, which is a result of the ongoing price adjustments of Sparekassen's deposit products.

#### Dividend

In 2020, Sparekassen received DKK 29.0m in dividends compared to DKK 24.9m in 2019. Most of these dividends arise from the sector companies co-owned by Sparekassen and from

shares held in an investment fund which invests in corporate bonds. The latter position has subsequently been disposed of.

#### Fee and commission income

Sparekassen's fee and commission income continues to develop quite satisfactorily and has gone up by DKK 38.1m to DKK 579.5m by the end of 2020. This is a 7% increase and attributable to generally heavy business activities, for example, in the housing area where many mortgage loans are being arranged through the business partners Totalkredit and DLR Kredit in connection with re-mortgaging and house transactions. Also, activities in the asset management area are healthy, and a continued effect is seen of the price adjustments made for payment of the services provided by Sparekassen.

#### Translation and market value adjustments

Translation and market value adjustments total DKK 16.2m whereas in 2019 they were negative by DKK 43.6m. This development covers market value adjustments of bonds which are negative by DKK 31.4m as opposed to a negative DKK 54.6m in 2019. Particularly in the last half of Q1 2020, the financial markets have generally been affected by the macroeconomic uncertainty caused by the entire COVID-19 situation, including declining prices and a widened credit spread for mortgage credit bonds. The situation on the financial markets has generally stabilised in the last three quarters of 2020. Contributing factors to negative price adjustments of bonds in both 2019 and 2020 are that a relatively high

number of mortgage credit bonds have been drawn that were acquired at a premium and that very short-term floating-rate mortgage credit bonds have matured at par. Market value adjustments of shares stand at DKK 46.1m compared to DKK 39.2m last year. This development is primarily a combination of price increases in Sparekassen's portfolio of sector shares and shares in Lollands Bank A/S and generally favourable share market conditions in the last three quarters of 2020.

The market value adjustment of shares includes a DKK 6.8m adjustment of the shares in Lollands Bank A/S.

From the date when Sparekassen gained an equity interest of over 20% as well as significant influence, the revaluation to equity value has been recognised as a profit from investments in associates and group enterprises.

Translation and market value adjustments of investment property, foreign currencies and other financial instruments total DKK 1.5m against a negative DKK 28.1m last year. Last year's level of the negative translation and market value adjustments was primarily caused by the hedging of a portion of Sparekassen's bond portfolio.

#### Other operating income

Other operating income is primarily composed of rent from the property portfolio. The line item stands at DKK 20.7m against DKK 27.4m for the same period last year. The primary reasons for this development are declining rental income as a result of a smaller property portfolio on average for the year and the fact that, in 2019, the line item was positively affected by non-recurring items.

#### Staff costs and administrative expenses

Staff costs and administrative expenses total DKK 729.1m, representing a small increase of less than 0.5% compared to last year. Remuneration for the Board of Directors and the Executive Board has increased by DKK 2.3m to DKK 16.8m, primarily because of the enlargement of the Executive Board effective from 1 April 2019 and because of the adjustment of the remuneration of the Board of Directors for 2020 that was adopted at the Annual General Meeting in March 2020. Despite pay adjustments arising from collective agreements and an increase in payroll tax, total staff costs have declined by DKK 12.3m and amount to DKK 435.6m. The development in staff costs is a result of the ongoing adjustment of the number of employees that has gone down from 587 in 2019 to 555 in 2020, measured as the average number of full-time employees in the financial year. Management and staff costs total DKK 452.4m, which is a drop of DKK 10.0m on 2019.

Other administrative expenses have gone up by DKK 13.3m to DKK 276.7m. This increase in other administrative expenses is related to the rise in IT expenses for Sparekassen's IT centre, Bankdata. This line item also includes a donation of DKK 2.5m to the charitable foundation Sparekassen Sjælland Fonden. The object of the foundation is to support local associations on Zealand and Funen whose activities are hit hard by the COVID-19 restrictions.

#### Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment

Amortisation, depreciation and impairment losses on intangible assets and property, plant



and equipment have decreased by DKK 19.5m. The primary reason for this is the reassessment of the useful life made at year-end 2019 of the customer portfolio acquired in 2011 in connection with the acquisition of the healthy part of Max Bank A/S and of the expected earnings from that portfolio. Moreover, assets acquired in connection with branches established in prior years are now beginning to be fully written off.

In aggregate, staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have gone down by 2% to stand at DKK 795.1m.

#### Impairment losses on loans and advances etc

Impairment losses on loans and advances etc total DKK 160.9m, which is an increase of DKK 144.0m compared to 2019. This increase is a result of the considerable provisions in the form of management add-ons that Sparekassen has made. Since the end of 2019, total management add-ons have been increased by DKK 166.6m, meaning that, at 31 December 2020, management add-ons total DKK 211.8m, or approx 1.75% of Sparekassen's loans and advances.

Exclusive of management add-ons, the impairment ratio for 2020 reflects a reversal of impairment losses of around DKK 5.7m.

The increase in management add-ons primarily arises from the uncertainty caused by the entire COVID-19 scenario – one that keeps developing in new directions. At the time of writing, several new and probably more contagious mutations of the COVID-19 virus have been detected, and the Danish authorities have in December 2020

implemented new and tighter restrictions that tend to be an actual lockdown of most of Denmark. Specifically, most of the retail sector has been shut down, professions such as hairdressers have been shut down, as have restaurants, bars and night life in general, and most pupils and students have been sent home to attend distance learning sessions. The assembly ban has been lowered to five people, and consequently most cultural and sports activities have been shut down.

The economic impact of COVID-19 is therefore currently still subject to considerable uncertainty. The government aid packages to the business sector and pay earners either expire or are changed regularly, and currently cutbacks and layoffs are seen in certain types of businesses. However, Sparekassen has not yet recorded any significant losses directly related to the COVID-19 situation, although it does expect that the financial impact of COVID-19 pandemic will not really be seen until in the first half of 2021.

The assessment remains that certain types of businesses in particular are or will be affected by the economic implications of the COVID-19 pandemic. However, in the little longer run private customers and other businesses too may have a higher or lower risk of experiencing adverse financial consequences. However, right now we note that the unemployment level is fairly low and that so far the housing market has been most resilient – well supported by the low interest rate level.

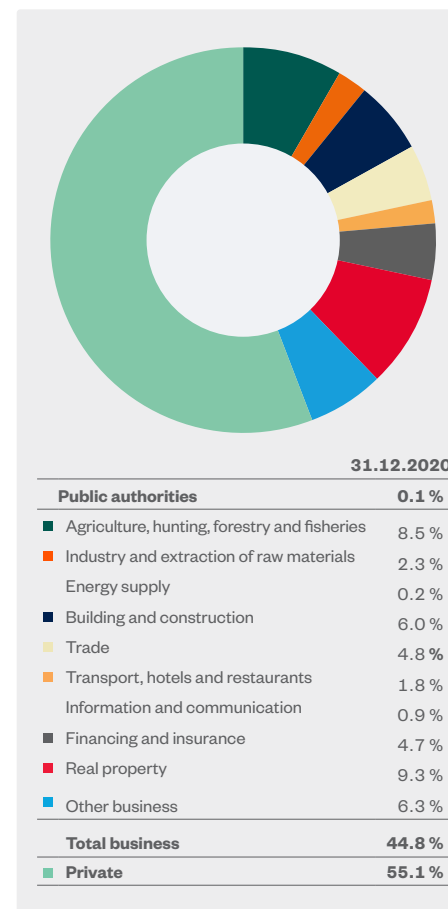
Sparekassen's exposures to corporate customers stand at 44.8% and at 55.1% to private customers.

The industries hit the hardest are still estimated to be the entertainment industry, including hotels and restaurants, and some parts of the transport industry as well as some retailers. These are all industries that are much affected by shutdowns. Sparekassen's exposure to the sectors considered hit the hardest financially is relatively little. Exposures to transport, hotels and restaurants thus stand at 1.8% at 31 December 2020, and exposures to retailers stand at 4.8%.

Exposures to the agricultural sector come to 8.5%. Generally, the Danish agricultural sector is estimated to be affected by the COVID-19 outbreak only to a small degree. Agricultural products can still be sold and generally at fairly reasonable prices. In H2 2020, because of the risk of African swine fever and the uncertain situation for exporting pig producers related to the COVID-19 situation, Sparekassen has made management add-ons of around DKK 30m for the agricultural sector. Overall, the credit quality of Sparekassen's agricultural portfolio is still considered to be strong, though.

Exposures to the real estate sector stand at 9.3%. Sparekassen's property financing portfolio is primarily related to residential rental properties and not so much to commercial properties. Currently, residential properties are not deemed to be much affected by the situation whereas commercial properties may be affected sooner and more.

Lending to construction and craft industries is a very important part of Sparekassen's history as there are several small and medium-sized construction and craft firms in Sparekassen's primary market areas. Sparekassen estimates that, currently, COVID-19 only has little impact



on these industries, and in some areas the level of activities is actually increasing. Also, these industries are favoured by the bring forward of public capital expenditure.

The majority of management add-ons are related to the industries deemed hit the hardest by COVID-19 restrictions. In addition, Sparekassen has made provisions for exposures in sectors

that are considered to be affected by potential outcomes of the COVID-19 restrictions – including a small provision for credit quality 2c customers.

Sparekassen therefore believes that, for now, the management add-ons reflect a conservative approach to financial developments in the quarters ahead and that the increased credit risk arising from the COVID-19 situation has been hedged using the best add-ons possible. However, it should be emphasised that, considering the situation, these add-ons are subject to considerable uncertainty.

#### Profit/loss from investments in associates and group enterprises

Profit/loss from investments in associates and group enterprises has increased by DKK 33.3m to DKK 35.0m. This increase is primarily a result of the acquisition and the subsequent continuous value adjustment to equity value of the block of shares in Lollands Bank A/S.

#### Profit for the year

Despite the considerable management add-ons to meet any future losses, a pre-tax profit of DKK 241.9m has been realised. Net profit for the period amounts to DKK 228.7m against DKK 226.7m in 2019. DKK 24.4m of the profit for the period is allocated to interest on hybrid core capital. In 2019, this line item stood at DKK 24.5m. So the shareholders' share of profit for the year amounts to DKK 204.2m against DKK 202.2m last year.

The profit for the year is considered satisfactory in view of the quite extraordinary events in 2020.

Despite this year's satisfactory financial performance, Sparekassen has decided to follow the authorities' recommendation to restrain distribution of dividend. Based on this, it is recommended to the Annual General Meeting that no dividend be distributed. It is therefore recommended that profit for the year net of interest to hybrid core capital be transferred to equity. It is pointed out in this context that, referring to Sparekassen's distribution policy, distribution of dividend is a major focus area for Sparekassen's Board of Directors and Executive Board and that Sparekassen was among the credit institutions to distribute DKK 3.00 in dividend per share on 9 March 2020 before the authorities recommended restraining such distribution.

### Balance sheet

Below is a description of key balance sheet items along with balance sheet items having experienced a considerable development from 31 December 2019 to 31 December 2020.

#### Assets

##### Cash and demand deposits with central banks

The line item primarily consists of Sparekassen's balance on the current account with Danmarks Nationalbank, where Sparekassen has been given a limit of DKK 340m.

##### Amounts owed by credit institutions/bonds

Sparekassen has a large deposit surplus which exclusive of deposits in pooled plans has gone up by DKK 1.6bn since 31 December 2019 and amounts to DKK 8.0bn at 31 December 2020. Sparekassen regularly evaluates the best placement of these funds. Since Sparekassen can only place DKK 340m on the current account with Danmarks Nationalbank, the

primary placement channels are mortgage credit bonds, treasury bills, and certificates of deposit. Sparekassen pays interest of 0.60% per annum (from 1 January to 20 March 2020: 0.75% per annum) when the liquidity is placed in certificates of deposit issued by Danmarks Nationalbank whereas when liquidity is placed in mortgage credit bonds this typically yields a positive albeit small interest. But, conversely, the latter also involves an interest rate or price risk. In 2020, the average portfolio of bonds at fair value was approx DKK 0.4bn lower than in 2019. On the other hand, the average portfolio of treasury bills (bonds at amortised cost) has been around DKK 1.0bn higher than in 2019, and the average portfolio of certificates of deposit (amounts owed by central banks) has been DKK 1.2bn higher than in 2019. So, at 31 December 2020, amounts owed by credit institutions and central banks stand at approx DKK 4.8bn against DKK 2.5bn at the end of 2019 whereas the portfolio of bonds including treasury bills stands at DKK 6.1bn compared to DKK 6.6bn.

##### Loans and advances etc

The balance of loans and advances has gone down by DKK 266m on the balance at 31 December 2019 and totals approx DKK 12.0bn. There has been a small decline in loans and advances to both businesses and private

households. Loans and advances to businesses are to some degree considered to be affected by the Danish Parliament's adoption of various aid packages for businesses, including postponement of the payment of VAT and income tax. There has been a reasonable demand by private households for loans to buy land, bridge finance in housing transactions and residential mortgages. Conversely, the demand for other consumption-related financing has declined. This development may be a consequence of a propensity to save witnessed in society, disbursement of frozen holiday pay and of the fact that the shutdown of the retail and travel sectors, among others, hampers consumption, all things being equal. However, the development in loans and advances etc on the balance sheet should be seen in conjunction with recent years' favourable economic climate in the real estate market, entailing that an increasing portion of the customers' total debts may be financed by means of mortgage loans. Mortgage loans arranged by Sparekassen have risen by DKK 4.1bn in 2020, and total credits arranged have increased to DKK 56.1bn at 31 December 2020.

##### Shares etc

The total portfolio of shares has decreased by DKK 126.8m to DKK 566.9m. This portfolio is almost entirely made up of shares in sector

companies such as DLR Kredit, BI Holding and PRAS, which help support Sparekassen's business activities and earnings. Moreover, Sparekassen has held shares in investment funds which invest in corporate bonds and also held a small portfolio of Danish listed shares. Over the past 12 months, Sparekassen has reduced its portfolio of shares in investment funds, which is the primary reason for the development in the balance sheet item.

Sparekassen is keeping its market risk at a moderate level, and the policy is to continue to do so.

By combining historical figures on the correlation between asset classes in the financial markets with Sparekassen's current positions in its securities portfolio, the Value-at-Risk model can – with a 99% probability – estimate the statistical maximum risk of losses over the next 10-day period, assuming that all positions remain unchanged over that period. On the day in 2020 when the total VaR figure was at its highest, it was approx DKK 42m, equivalent to a risk of around 1.2% of equity.

##### Investments in associates

Investments in associates amount to DKK 191.2m against DKK 46.7m at financial year-end 2019. The increase is primarily attributable to the acquisition of a block of shares accounting for 20% of the share capital in Lollands Bank.

##### Land and buildings

Land and buildings come to DKK 438.0m compared to DKK 473.8m at 31 December 2019. This line item has decreased primarily because of the sale of investment property.

#### Total credits arranged

	2020 DKK'm	2019 DKK'm	2018 DKK'm	2017 DKK'm
Loans and advances etc, Sparekassen	11,951	12,217	12,174	11,681
Totalkredit	32,331	29,811	27,229	25,336
DLR	11,794	10,250	9,001	7,857
<b>Total</b>	<b>56,076</b>	<b>52,278</b>	<b>48,404</b>	<b>44,874</b>

## Equity and liabilities

### Deposits

The deposits balance exclusive of deposits in pooled plans stands at DKK 20.0bn at the balance sheet date compared to DKK 18.7bn at financial year-end 2019, equal to an increase of 7%. The increase in the deposits balance is attributable to deposits by corporate customers, and the primary reason for this is presumably the Danish Parliament's adoption of various aid packages, including postponement of the payment of VAT and taxes due to the COVID-19 pandemic. The level of deposits from private customers remains largely the same. Overall, there has been a decline in cash deposits on pension plans, on which interest is paid from the first krone deposited. The reason for this development is that, to some degree, customers choose to invest their pension plan funds in securities, which is why the decline in cash deposits on pension plans should be compared with the increase in custody account values and pooled deposits. Private customers' current accounts, however, have seen increasing deposits, probably because of the disbursement of frozen holiday pay and the comprehensive restrictions, which have to some degree dampened the incentive for private consumption.

Because of the continuously low interest rate levels and the increasing imbalances between deposits and loans and advances, Sparekassen has in 2020 regularly adjusted the interest rate level for deposit products for both private customers and corporate customers. Following this, each private customer having a NemKon-to account with Sparekassen can have up to DKK 100,000 deposited without having to pay negative interest at the annual rate of 0.6%. For corporate and unit trust customers, the interest

rate for deposit products will be a negative 0.75 per year effective from January 2021. Sparekassen is regularly monitoring the market situation with regard to deposits from both corporate customers and private households.

### Deposits in pooled plans

Deposits in pooled plans have increased by 18% on 31 December 2019. Deposits in pooled plans total DKK 2.1bn at 31 December 2020. Aside from the inflow of new customers, the increase may to some degree probably be explained by the continuously low interest rate levels, for which reason customers are turning their eye to alternatives other than placement in traditional deposit accounts.

### Bonds issued

This line item of around DKK 0.2bn is composed of the bonds (eligible liabilities/senior non-preferred bonds) which Sparekassen issued with a December 2020 value date to cover some of its eligible liabilities.

### Subordinated loan capital

Subordinated loan capital amounts to DKK 569.7m compared to DKK 673.1m at 31 December 2019.

Capital transactions are made on a regular basis in Sparekassen's process of optimising its capital structure. Since 31 December 2019, Sparekassen has settled DKK 105m worth of subordinated loan capital, carrying an interest rate of 7.66% per annum, which is considerably higher than the interest rate level for Sparekassen's current subordinated loan capital issued.

### Equity

Equity amounts to DKK 3,382.1m at the balance

sheet date against DKK 3,237.4m on the same date last year. The increase in equity is broadly attributable to the profit for the period, reduced by dividend paid and interest paid on hybrid capital.

## Financial review for Q4 2020

Net interest income has gone up by DKK 4.9m to DKK 145.1 compared to the same period in 2019. This development has been caused by an increase in positive interest expenses on deposits etc of around DKK 14m. A decline in interest income from loans and advances and bonds contributes in the opposite direction. Moreover, Sparekassen has held a larger average portfolio of certificates of deposits in Q4 2020, which has resulted in an increase in negative interest income from central banks.

Fee and commission income stands at DKK 142.4m against DKK 147.4m for the same period last year. The decline is primarily a result of lower commission income and a small decrease in fees for remortgaging.

Translation and market value adjustments stand at DKK 13.6m against DKK 1.9m in Q4 2019. Market value adjustments of bonds are negative by DKK 6.6m, which is an improvement of DKK 10.9m compared to Q4 2019. Market value adjustments of shares total DKK 17.8m, representing a decline of DKK 5.9m. Translation and market value adjustments of investment property, foreign currencies and derivatives stand at DKK 2.4m and have increased by DKK 6.6m compared to the same period in 2019.

The line items of staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and

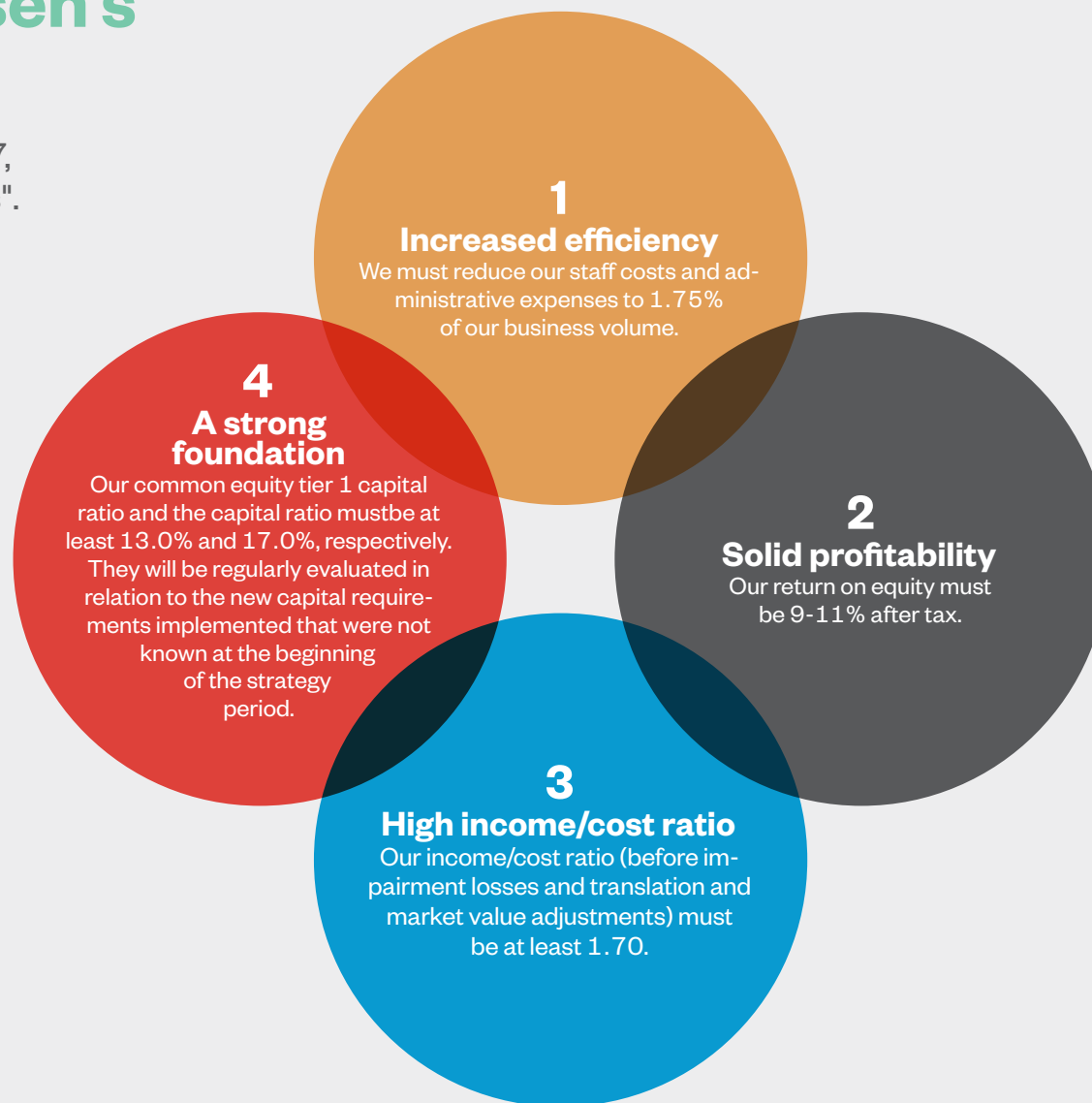
property, plant and equipment have gone down by a total of DKK 0.9m on Q4 2019. Overall, staff costs have increased by a total of DKK 2.1m, primarily because of an increase in provisions for resigned staff at 31 December 2020. Other administrative expenses are down DKK 0.4m, and depreciation of assets has declined by DKK 2.6m.

Impairment losses on loans and advances etc stand at DKK 16.7m in Q4 2020 compared to DKK 0.6m in Q4 2019. The primary reason for this rise is that management add-ons have been increased by around DKK 27m because of COVID-19. Exclusive of management add-ons, the impairment ratio reflects a small reversal of impairment charges in Q4 2020.

Pre-tax profit for Q4 2020 then stands at DKK 60.7m against DKK 58.2m for Q4 2019. Net profit for the period amounts to DKK 60.1m against DKK 56.6m for the same period in 2019. So this is a DKK 3.5m pick-up on net profit, equivalent to 6%.

# “New Ways” – Sparekassen’s 2021 strategic plan

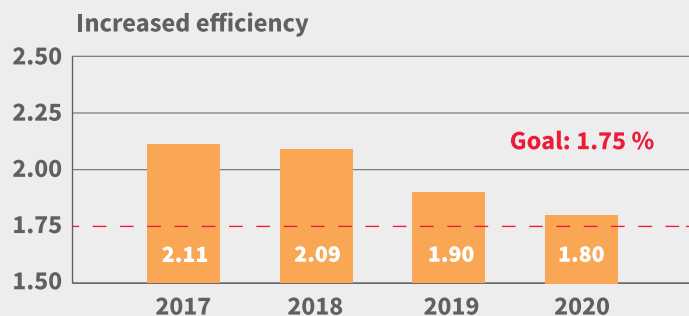
In company announcement no 18 of 6 November 2017, Sparekassen introduced its strategic plan "New Ways". The plan contains seven strategic paths and four financial targets to be executed by the end of 2021.



### 1 Increased efficiency

Staff costs and administrative expenses and business volume (deposits, loans and advances and guarantees), with business volume being calculated as a simple average of opening and closing amounts for the financial period. In interim statements, the ratio is annualised. The ratio is calculated in per cent.

It is Sparekassen's objective to have the development in efficiency reduce the ratio to 1.75% by the end of 2021 at the latest. This is equivalent to an efficiency improvement of 15%, which in an arithmetical example is equal to DKK 100m using 30 September 2017 figures. To make sure that this target for the ratio is met by the end of 2021, Sparekassen has set up an internal dedicated unit with relevant competencies to focus on efficiency improvements, not least by using new and improved IT solutions.



### 2 Solid profitability

This financial ratio reflects the net profit amount relative to equity. Equity is calculated as a simple average of opening and closing amounts for the financial period. In interim statements, the ratio is annualised. The ratio is calculated in percent.



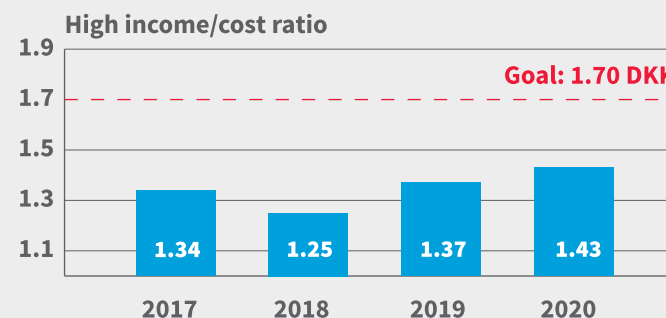
### 3 High income/cost ratio

This financial ratio reflects the income/cost ratio DKK but exclusive of the effect of impairment losses and translation and market value adjustments. The financial ratio reflects how much income in DKK can be calculated per DKK unit of cost. It is Sparekassen's objective to optimise the income/cost ratio DKK in the strategy period.

Realising the objective will lead to a substantial improvement of ordinary profit before impairment losses and translation and market value adjustments.

The ambitious objective will be attempted to be realised through a combination of the following elements:

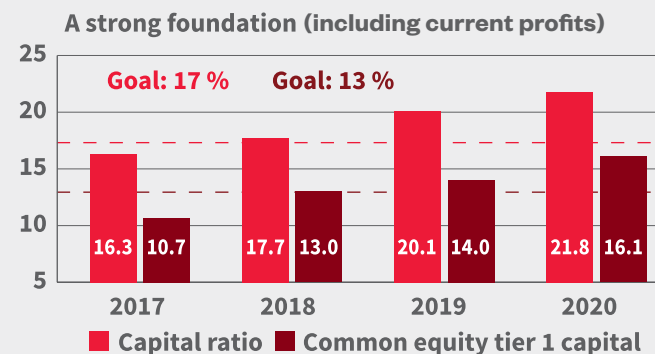
- 1) Strong focus on efficiency measures so as to be able to handle more business with the same amount or a reduced amount of resources.
- 2) Tight cost control to utilise the savings potential, including savings through branch network optimisations and administrative efficiency improvements.
- 3) Optimisation of the earnings potential of business activities. Some initiatives have already been identified and are being implemented.
- 4) Increase in income arising from expected growth in total business volume as a result of a much stronger distribution power.



### 4 A strong foundation

This financial ratio reflects the amount of common equity tier 1 capital and capital resources, respectively, relative to risk-weighted items.

The calculations are evident from the financial statements and are stated in percent.





# The seven paths

The strategic plan, "New Ways", has seven strategic focus areas



## Path 4 We need to train to create more business

Sparekassen must be best at driving a large network of branches, and a precondition for this is that we become better at developing sales through natural upselling of services and products. Sparekassen's three business divisions – private customers, corporate customers and asset management – must be better at working together on the individual customers. Focus on asset management must be intensified. Sparekassen intends to invest massively in sales training and management training so as to develop skills in both advisers and managers.



## Path 1 Our object must be the driving force for our growth

Sparekassen must be known and recognised for its object. We must be recognised as an engine in our local communities. This means that we must be known as the financial institution that drives local communities, links businesses with each other and backs both private customers and corporate customers. At the same time, we must be known as the financial sector's local and digital alternative to the large national banks.



## Path 5 We need to optimise our systems and processes

Sparekassen's internal processes and procedures need to be optimised. In the years ahead, Sparekassen must grow without costs growing equally. By 2021, we must be able to run a large business with relatively lower costs than today. This means that Sparekassen must be able to use its systems better and reduce time consumption on administrative tasks. The purpose of all optimising efforts must be that each adviser will have more time for dialogue with customers. The optimising efforts will lead to changes in both branches and staff functions. This will entail the introduction of new ways of doing tasks and that some employees will see a change in their job description.



## Path 2 We must increase the inflow of small and medium-sized corporate customers

Sparekassen must be strengthened as a savings bank for corporate customers. Based on the network of branches, the nine district centres and the two corporate customer centres, corporate business must contribute to joint developments towards 2021. The synergies between corporate customer, private customer and asset management areas must be strengthened. Sparekassen's trademark in the corporate customer and asset management areas must be improved further, and the corporate customer centres must also be enabled to better attract small and medium-sized enterprises, and the branches must have the conditions in place for entering into dialogue with crafts firms, retailers and other businesses.



## Path 6 Our data must be used to improve business

Sparekassen must be better at harnessing digital opportunities and the vast quantities of data we have. This must put Sparekassen in a better position to support business and work life of managers and staff. New technological solutions must be implemented, and internal digital skills must be improved.



## Path 3 We must realise the digital potential

Sparekassen's digital marketing and its digital path must be developed further. The digital savings bank must ensure that digital prospective customers and inquiries are guided all the way through to an adviser so as to reach more customers. Digital marketing is to be used to profile Sparekassen's values and efforts locally, including the efforts of the foundation, Sparekassen Sjælland Fonden. Customer dialogue through social media must be developed and optimised by building a customer-oriented model for profiling Sparekassen. Also, digital campaigns must be launched on social media such as Facebook, Twitter, LinkedIn, etc.



## Path 7 Our organisation must be structured to strengthen growth of the branches

Sparekassen's staff functions must be structured to support the branch network as well as business in the private customer, corporate customer and asset management areas. Concurrently, the staff functions must ensure continued development of business and improvement of the head office throughout the strategy period.

# Capital structure and liquidity of the Group

## Capital structure

Sparekassen's risk exposures total DKK 16,799m against DKK 17,343m at 31 December 2019, which is a decrease of DKK 544m. Credit risk is down DKK 388m on 31 December 2019, and this has primarily been caused by the bring forward of the implementation of the revised SME discount under CRR II. Market risk is down DKK 213m, which is attributable to changes in the composition of the securities portfolio. Operational risk, however, is up DKK 57m.

Credit risk and market risk have been determined using the standard method. Operational risk has been determined based on the basic indicator method.

At 31 December 2020, capital resources are DKK 175m larger than at 31 December 2019 and amount to DKK 3,655m. This increase is attributable to retained earnings and the utilisation of the reintroduction of the transitional scheme in connection with the implementation of IFRS 9 that was enabled in 2020 in response to the COVID-19 pandemic. Working in the opposite direction are the settlement of supplementary capital and larger deductions caused primarily by Sparekassen's holdings of capital instruments in the financial sector, with the largest block being shares in DLR Kredit.

Sparekassen's capital ratio is then 21.8% against 20.1% at 31 December 2019. The core capital ratio has gone up by 2.2 percentage points on

the same date last year and stands at 18.4% whereas the common equity tier 1 capital ratio is up 2.1 percentage points to 16.1%.

The capital requirement has been calculated at 10.0%, leading to an excess capital adequacy ratio of 11.7 percentage points. In Danish kroner, this excess is equivalent to DKK 1,969m.

The combined buffer requirement has been calculated at 2.5 percentage points after the countercyclical capital buffer has been reset. This results in Sparekassen's excess capital adequacy ratio net of capital requirement and combined buffer requirement standing at 9.2 percentage points. In Danish kroner, this excess is equivalent to DKK 1,549m.

In the Q4 2020 statement of Sparekassen's capital requirement, a provision of DKK 52m has been made, corresponding to 0.31 percentage points, under credit risks to match the uncertainty related to COVID-19. Sparekassen believes that the quarters ahead will still be subject to material uncertainty because of the COVID-19 situation.

## Eligible liabilities

Financial sector regulation has implemented a requirement for financial institutions regarding the amount of on-balance sheet eligible liabilities. The requirement for eligible liabilities aims to ensure that financial institutions have sufficient eligible liabilities to enable the execution

of an appropriate restructuring or resolution of a financial institution should it be failing or likely to fail.

The requirement for eligible liabilities can be met by capital instruments and debts that, in the event of resolution or bankruptcy, may be written down or converted before unsecured claims and that also comply with the requirements for eligible liabilities. The total requirement for eligible liabilities is calculated as the sum of the solvency need and an eligible liabilities add-on. The eligible liabilities add-on is composed of a loss absorption add-on and a recapitalisation amount.

The requirement for eligible liabilities is phased in over a five-year period. Consequently, the requirement will take full effect from 1 July 2023.

It is the Danish Financial Supervisory Authority (Danish FSA) that calculates and lays the requirement for eligible liabilities for each credit institution. The requirement will be recalculated once a year and be determined relative to the credit institution's risk-weighted exposures.

In December 2020, Sparekassen received the requirement for eligible liabilities based on the 2019 accounting figures, which are therefore currently applicable from 1 July 2023. At group level, the requirement for eligible liabilities has been calculated at 15.5% (equivalent to 10.8% of total liabilities and capital resources). The

requirement for the Parent is largely the same. With the current capital resources and the eligible liabilities issued in December 2020 (senior non-preferred bonds), Sparekassen complies with the phased-in element of the calculated requirement for eligible liabilities, inclusive of combined buffer requirements, with a margin of 8.65 percentage points at the end of 2020. With the current capital resources and eligible liabilities, the fully phased-in requirement for eligible liabilities, inclusive of combined buffer requirements, is met as well with a margin of 4.30 percentage points. With Sparekassen's current and expected development in its capital resources, the phase-in established and the development in risk-weighted exposures, we do not expect to face any challenges in meeting the requirement for eligible liabilities in future either. Sparekassen intends to regularly evaluate the opportunities for optimising the composition of the capital and liability instruments that meet the requirements for eligible liabilities.

## Capital measure

Sparekassen's capital measure, excess capital adequacy and capital plans in the short and long term are discussed and approved by the Board of Directors on a regular basis and at least once a year. According to Sparekassen's strategic plan, "New Ways", the long-term objective is for the common equity tier 1 capital ratio and the capital ratio to be at least 13.0% and 17.0%, respectively, by the end of 2021. Sparekassen meets the objectives set in 2018, 2019

and in 2020. These objectives will be regularly evaluated in relation to new capital requirements implemented that were not known at the beginning of the strategy period. The Board of Directors intends to reconsider the objectives before the end of the strategy period.

### Liquidity

Overall, Sparekassen's business model dictates that deposits must fund loans and advances and that Sparekassen must not be dependent on external funding by way of market funding and potentially transient deposits.

At 31 December 2020, Sparekassen has a deposit surplus of DKK 8.0bn exclusive of deposits in pooled plans. Its deposits are primarily made by private customers and small business operators. There are no large single deposits of major significance or no deposits of significance from other financial services companies.

Deposits are also characterised by a large portion of them being covered by the Danish Deposit Guarantee Fund and therefore secured for the customer.

Based on the above and the continued stress testing of liquidity that is carried out, the current funding profile is regarded as being relatively stable and subject to low risk.

### Liquidity coverage ratio (LCR)

At 31 December 2020, Sparekassen's LCR is 416% against the applicable statutory requirement of a minimum LCR of 100%. So the excess liquidity coverage ratio relative to the statutory requirement is 316 percentage points. With the current excess liquidity coverage, and even without regularly optimising the composition of

liquid assets to improve the LCR, Sparekassen expects to have a solid excess cover for this liquidity requirement also in future.

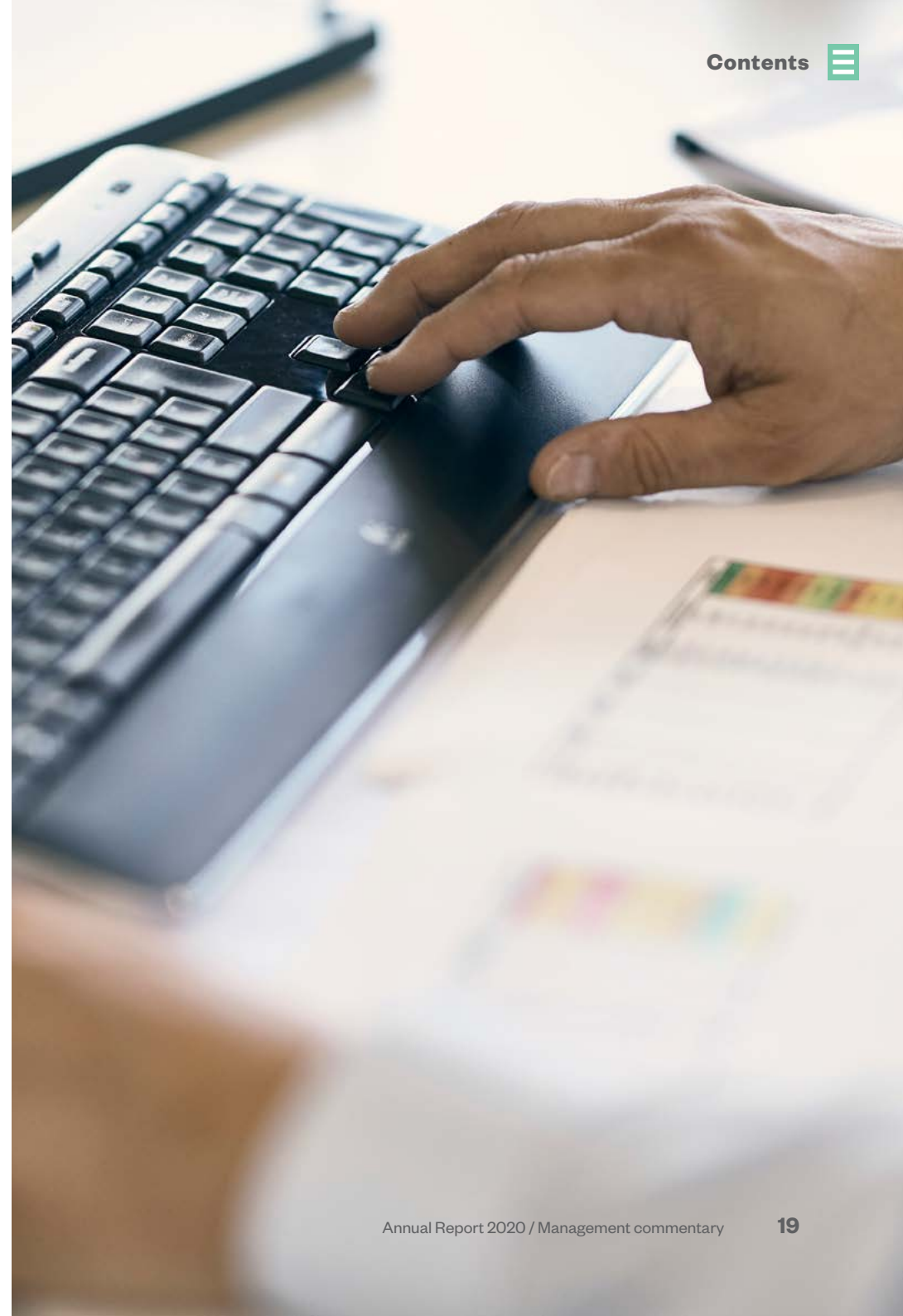
### Liquidity surplus according to the Supervisory Diamond benchmark

Sparekassen has a liquidity surplus that has been calculated at 456% under the Supervisory Diamond rules for the benchmark relative to a minimum surplus threshold of 100%. Consequently, Sparekassen continues to have a solid surplus.

### Liquidity target

Sparekassen's liquidity target in the short and long term is to constantly have sufficient liquidity with comfortable excess cover relative to current liquidity requirements. A comfortable excess cover means a level in the range of 25 percentage points relative to the LCR requirement, which prescribes a liquidity coverage of 100% of net cash outflow covering a period of 30 days. The 25 percentage point excess cover is also the target for the liquidity benchmark of the Danish FSA Supervisory Diamond. Here the requirement is 100% as well. The internal liquidity management uses higher requirements for excess covers, which gives a longer response time to handle liquidity transactions before there is a risk of exceeding the high excess cover requirements.

The level of excess liquidity coverage, the ratio of deposits to loans and advances (liquidity funding), and the composition and quality of placements of liquidity are monitored on an ongoing basis. Sparekassen's liquidity plans are updated and approved by the Board of Directors at least once a year.



# Credit quality categories

Loans, advances, and guarantees net of impairment losses by credit quality category of the Danish FSA – the Sparekassen Sjælland-Fyn A/S (Group)

	2020		2019		2018		2017		2016	
	DKK mio.	%	DKK mio.	%	DKK mio.	%	DKK mio.	%	DKK mio.	%
3 / 2a – Loans, advances and guarantees with normal credit quality	10,677	56,0	10,768	56,8	10,249	58,5	9,965	59,0	9,011	59,3
2b – Loans, advances and guarantees with certain indications of weakness	6,911	36,2	6,424	33,9	4,942	28,2	4,174	24,7	2,850	18,7
2c – Loans, advances and guarantees with substantial weaknesses	911	4,8	1,058	5,6	1,143	6,5	1,389	8,2	1,434	9,4
1 – Loans, advances and guarantees with objective evidence of impairment	578	3,0	704	3,7	1,197	6,8	1,366	8,1	1,914	12,6
<b>Total</b>	<b>19,077</b>	<b>100,0</b>	<b>18,954</b>	<b>100,0</b>	<b>17,531</b>	<b>100,0</b>	<b>16,894</b>	<b>100,0</b>	<b>15,209</b>	<b>100,0</b>

Loans, advances, and guarantee debtors by sector

	2020	2019	2018
	%	%	%
Public authorities	0.1	0.4	0.8
<b>Business</b>			
Agriculture, hunting, forestry and fisheries	8.5	8.2	8.3
Industry and extraction of raw materials	2.3	2.1	2.0
Energy supply	0.2	0.1	0.0
Building and construction	6.0	5.3	5.0
Trade	4.8	5.8	5.8
Transport, hotels and restaurants	1.8	1.9	2.0
Information and communication	0.9	0.8	0.7
Financing and insurance	4.7	5.3	4.1
Real property	9.3	9.9	11.0
Other business	6.3	7.0	7.3
<b>Total business</b>	<b>44.8</b>	<b>46.3</b>	<b>46.3</b>
Private	55.1	53.3	52.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

# Group

## Sparekassen Sjælland-Fyn A/S, Group

The Sparekassen Sjælland-Fyn A/S Group is composed of the Parent, Sparekassen Sjælland-Fyn A/S, and related subsidiaries. The group structure is evaluated on a regular basis by Management to ensure that it is optimal.

### Group enterprises and their business activities:

## Sparekassen Sjælland-Fyn A/S, Parent

The Parent of the Group has as its primary activity to carry on banking activities.

The Parent accounts for the largest part of the consolidated balance sheet. The Parent is a listed company and operates under licence from and supervision by the Danish FSA. As part of its business activities, the Parent owns subsidiaries whose primary business activities are related to investment business, including investment in and lease of properties as well as leasing.

## Ejendomsselskabet Sjælland-Fyn A/S, subsidiary

Effective from 1 January 2017, Ejendomsselskabet Sjælland-Fyn A/S was established through a merger of the group property companies Ejendomsselskabet af 15. december 2008 A/S, Udviklingsselskabet Blindestræde ApS, Ejendomsselskabet Faaborg A/S and Spar Fyns Ejendomsselskab A/S. In 2018, the subsidiary Investeringselskabet af 10. marts 2015 was merged into Ejendomsselskabet Sjælland-Fyn A/S.

The property portfolio of Ejendomsselskabet Sjælland-Fyn A/S is composed of owner-occupied properties leased out to the Parent and of investment properties leased out to individuals and business operators.

## Investeringselskabet Sjælland-Fyn A/S, subsidiary

Under its former name, Sparekassen Fyn A/S, the company carried on the Group's banking activities on Funen. When the business activities of Sparekassen Sjælland A/S and Sparekassen

Fyn A/S were combined in mid-October 2016, the company changed its name to Investeringselskabet Sjælland-Fyn A/S. The company is engaged in investing activities, including the Group's portfolio of mortgages.

## Leasing Fyn Faaborg A/S, subsidiary

The company holds 33.33% of the shares in Leasing Fyn Bank A/S and, through this structure, it engages in finance leases for small and medium-sized enterprises.

Please refer to note 18 for a specification of the group enterprises and associates.

# Sparekassen Sjælland-Fyn A/S - in brief

## Pre-tax profit of DKK 241,9m

### Private, corporate and asset management services

With a broad network of branches on Zealand and Funen, we are near you too

 **40 branches**

on Zealand and Funen

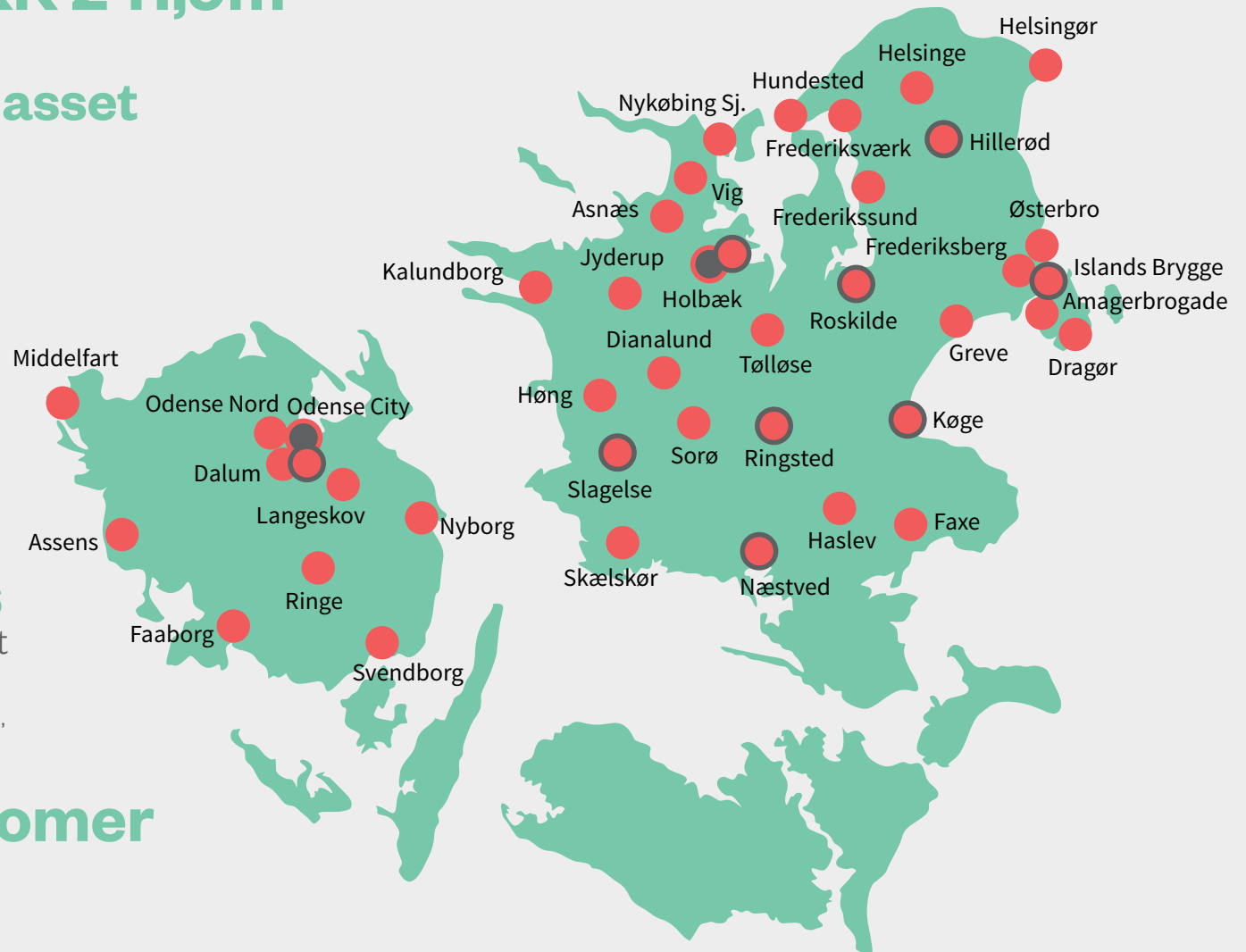
 **9 district centres**

With private, corporate and asset management services

Islands Brygge, Roskilde, Ringsted, Slagelse, Køge, Næstved, Holbæk, Hillerød and Odense City

 **2 corporate customer centres**

Zealand (Holbæk) and Funen (Odense City)



# Foundation of Sparekassen's business

Sparekassen Sjælland-Fyn is a value-based credit institution with a desire to be known and recognised as a purpose-driven business.

We want to be an engine in the local communities we are part of. This means that we want to be known as a credit institution that drives local communities, puts local development on the agenda, links businesses with each other, and backs local projects and initiatives that create value for the local communities as well as for our private and corporate customers.

Basically, our value base is formulated by six core values: Community, closeness, competence, inclusiveness, honesty and social responsibility.

## Our market focus

Sparekassen is Denmark's 12th largest credit institution by working capital.

As a rule, we want to offer products and services to private and corporate customer who live or operate in our primary market area, which is Zealand and Funen.

We also welcome customers from outside this area – either through affiliation with one of our branches or our digital savings bank – but at least 90% of our loans, advances and guarantees must be related to our primary market area.

At the same time, we focus on creating the right solutions for our customers, and it is important to us that they are equipped in the best way possible to make the best choices for their finances. This is why we attach importance to providing qualified and personal advice. In line with this, our products and services are simple and plain, and we have actively declined a number of products and services of a more complex nature.

## Our customers and shareholders

Sparekassen has more than 160,000 customers, and about 24,000 of them are also shareholders. We aim to have long-term full-service customer relationships and preferably for our customers to gain ownership by being shareholders in Sparekassen.

The customers must experience security and proper conduct when they meet Sparekassen – and we are there for them in good times and bad times. Therefore, we regularly perform customer satisfaction and loyalty surveys and prepare action plans afterwards to make sure that we actually fulfil our objectives when meeting our customers.

## Our strategy – private customers

Everybody is welcome at Sparekassen to have a talk about their finances. Prices for private customers are set differently depending on business volume and risk.



## Our strategy – corporate customers and unit trusts

Businesses and unit trusts are welcome at Sparekassen, taking into consideration their risk profile, business model and requirements. We want to have in-depth knowledge of a customer's identity and purpose – and the lack thereof may cause us in some cases to reject a customer relationship.

## Our distribution network

At Sparekassen, we want to create the optimum distribution network so that we are able to offer customers close local service and advice. Our distribution network consists of 40 private customer branches and two corporate customer centres, which are backed up by a number of experts. Considering customer behaviour and profitability, we regularly evaluate whether our distribution network could be optimised.

To increase our market share of small and medium-sized enterprises, we have pooled our corporate competencies in nine district centres in our market area. In addition, we have set up two corporate customer centres – one in Holbæk and one in Odense. Corporate customers are serviced at the district centres, taking into consideration risk and complexity, whereas corporate customers with exposures exceeding DKK 10m are handled by our corporate customer centres.

Besides our physical locations, we service our customers via digital platforms such as home banking and mobile banking and other digital solutions. To ensure high availability, we have also defined the digital agenda as a particular strategic focus area, and, for example, Sparekassen's meetings are increasingly held digitally.

Furthermore, we have established a digital savings bank. The purpose of Digital Sparekasse (Digital Savings Bank) is to service customers looking for a digital alternative or a supplement to our physical branches. This is why Digital Sparekasse has extended its opening hours, among other steps, so that our customers will be able to get help from an adviser or to ask questions etc when they need it and it fits in with their daily lives. Another goal is to develop a platform that can provide service and advice digitally to customers all over Denmark who do not need a physical branch.

### Our business areas, products and services

Sparekassen's three business areas are defined as Private Customers, Corporate Customers and Asset Management. The value propositions in these three areas are based on a principle of simplicity and opt-out. Simplicity because it provides transparency and hence security for customers and investors. Opt-out because Sparekassen does not want to offer particularly complex products or advice that does not match the customer's risk profile.

Sparekassen is working closely with a number of partners to be able to provide the best products and the best advisory services. We have partners in the areas of mortgage credit, leasing, insurance, pension and investment

products. As part of this, Sparekassen receives a brokerage and guarantee commission for certain products. Information about our business partners is available on Sparekassen's website, [www.spks.dk/samarbejds partnere](http://www.spks.dk/samarbejds partnere).

### Our infrastructure and organisation

A well-functioning infrastructure is a precondition for our ability to deliver value to our customers. The key components of this infrastructure are our staff and the use of IT, which we constantly seek to optimise. As regards our staff, we make a point of attracting and retaining talented people who can match our aim and objective of providing high-quality advice and consistently with Sparekassen's values and corporate culture. A large portion of Sparekassen's IT operations and development have been outsourced to Bankdata – supplemented with strong in-house IT skills for proprietary development where this is required and creates value for the rest of the organisation.

At organisation level, the basis of Sparekassen is customer focus, adaptability and simplicity using our values and a healthy corporate culture. With the establishment of nine areas in the autumn of 2019, a high level of local decision-making powers was put in place too to make sure we make our decisions close to our customers and based on local conditions – this supports good and attentive customer advice.





# Corporate governance and statutory report on corporate governance

This statutory report on corporate governance covers the financial period 1 January to 31 December 2020.

The Board of Directors and the Executive Board continuously seek to ensure that the management structure and control systems remain appropriate and function satisfactorily. Management continuously assesses – and at least once a year – whether this is the case.

The planning of management tasks is based on the Danish Financial Business Act, the Danish Executive Order on Management and Control of Financial Institutions, etc., the Capital Markets Act, the Market Manipulation Directive, Nasdaq Copenhagen's Rules for Issuers of shares, recommendations for corporate governance, Articles of Association as well as good practice for financial undertakings, among other regulations. On this basis, a number of internal procedures are continuously being developed and maintained to ensure active, reliable and cost-effective management of Sparekassen Sjælland-Fyn.

## Recommendation for corporate governance

In November 2017, the Committee on Corporate Governance issued revised recommendations for corporate governance. The recommendations are available at the Committee's website: <https://corporategovernance.dk>

The recommendations include Sparekassen's communication and interaction with our investors and other stakeholders, the tasks and responsibilities of the Board of Directors, the composition and organisation of the Board of Directors, management remuneration, financial reporting, risk management and internal control, and audit.

With two exceptions, Sparekassen Sjælland-Fyn complies with the principles of "Recommendations for Corporate Governance".

Sparekassen does not follow the recommendation that board members elected by the annual general meeting are up for election at the Annual General Meeting every year. In Sparekassen Sjælland-Fyn, the Committee of Representatives elects the Board of Directors. According to the Articles of Association, the electoral term for members of the Board of Directors elected by the Committee of Representatives is two years with the possibility of reelection. The Board of Directors finds that the electoral system ensures continuity and stability in the board work.

As the Board of Directors is not elected by the General Meeting, Sparekassen cannot follow the recommendation that the notice convening a general meeting where the agenda includes the election of members to the board of directors, include (in addition to the statutory re-

quirements) a description of the qualifications, other executive functions etc of the nominated candidates.

Sparekassen's form of reporting on the recommendations on corporate governance and any elaborating comments have been combined in a report that has been published on Sparekassen's website: [www.spks.dk/politikker](http://www.spks.dk/politikker).

## No policy on shareholder engagement

Sparekassen is subject to section 101a of the Danish Financial Business Act. This section provides that Sparekassen must either draw up a policy on shareholder engagement or alternatively explain why such policy has not been drawn up.

It is the assessment of Sparekassen's Board of Directors and Executive Board that it is not relevant to draw up a policy on shareholder engagement as Sparekassen only has a small stock of listed shares, and as Sparekassen, in its role as asset manager, has not entered into any explicit agreement with customers that Sparekassen should exercise shareholder engagement, for example, by exercising the right to vote in relation to investments in listed shares.

## Finance Denmark's code of conduct-

Finance Denmark has prepared a code of conduct with recommendations to its members.

Sparekassen observes these recommendations which go beyond legislation. The disclosures and additional information on Sparekassen's observance of the recommendations in Finance Denmark's code of conduct are published in a report on Sparekassen's website [www.spks.dk/politikker](http://www.spks.dk/politikker).

## Composition of the Committee of Representatives

Sparekassen's Committee of Representatives consists of up to 51 members, of whom 26 are elected by the Annual General Meeting and 25 at shareholder's meetings in Sparekassen's four geographically divided electoral districts. Partial election of the Committee of Representatives at shareholders' meetings takes place in order to ensure, as far as possible, equal representation from Sparekassen's field of operation, reflecting the composition of shareholders and the business structure.

The members of the Committee of Representatives at 31 December 2020 are listed in the Annual Report under "Committee of Representatives, Board of Directors and Board of Directors Committees" and on Sparekassen's website: [www.spks.dk/repraesentantskab](http://www.spks.dk/repraesentantskab)

## Composition of the Board of Directors

Sparekassen's Board of Directors consists of 4-9 members who are elected by and among

the members of the Committee of Representatives. In addition, the Board of Directors consists of a number of members elected by the employees under existing laws. According to the Articles of Association, the Committee of Representatives may also elect board members that are not members of the Committee of Representatives to ensure that Sparekassen always meets the current requirements for relevant knowledge and experience of board members in a credit institution. The members of the Board of Directors are elected for two years at a time, and they may be re-elected.

The Board of Directors continuously evaluates the work of the Board in accordance with legislation and the Danish FSA's guidelines and has reviewed the applicable requirements for the Board's competencies as part of this. On these grounds, the Board has prepared a competence profile and adopted a policy for diversity in the Board. The Board of Directors' nomination of candidates for election to the Board of Directors at the Committee of Representatives meeting has been prepared in order to ensure that the Board of Directors meets the competence profile and policy for diversity in the Board of Directors to the greatest possible extent.

In addition to the continuous evaluation of the board work, an annual regular evaluation procedure is performed where both the entire Board of Directors' and each board member's competences are evaluated. The conclusion of the evaluation performed is that both the individual board members and the entire board have the right competences to handle the board work of Sparekassen in a way that shareholders find satisfactory. No external assistance has

been used for the evaluation in 2020. Going forward, external assistance will be involved in the evaluation at least every three years, the first time being 2021.

### The Board of Directors' competence profile

Sparekassen's Board of Directors must have a composition ensuring that Sparekassen has a stable and satisfactory development for the shareholders, customers, employees and other stakeholders. It must also be ensured that some of the board members have competences within the sectors where Sparekassen has significant exposures.

The total competences of the Board of Directors are assessed as the sum of all board members' competences as the Board of Directors functions as a collegial body. Thus, each member is not supposed to meet all criteria. Assessment takes place on an ongoing basis. The composition of the Board of Directors is assessed with special focus on the availability of the following competences:

- Management competence - management experience, strategy, risk management, execution and control
- Board of Directors competence - experience in board work, understanding and knowledge
- Business competence - ability to turn ideas into business
- Finance competence - ability to understand and respect financial circumstances, including accounting insight

- Professional competence - knowledge of the financial sector and its competitive situation
- General competence - insight into social conditions, including corporate and private sector conditions
- Other competences - personality, empathy, analytical, wide contact network, organisational, commitment and time
- In particular about the Chairman's competences: This person should, in addition to the other competences, have management experience, experience in board work, business competence and financial insight
- In particular about the Audit Committee: At least one member of the Audit Committee must have qualifications in accounting or auditing. Moreover, the Audit Committee's members, as a whole, are required to have competences that are relevant for the financial sector, see the requirements of the Executive Order on audit committees in financial businesses.

Moreover, the composition of the Board of Directors is determined in accordance with general and specific legal requirements and in consideration of the recommendations for corporate governance. Pursuant to "Bekendtgørelse om grundkursus for medlemmer af bestyrelsen i pengeinstitutter" (executive order on basic course for members of boards of directors in financial institutions), members joining the board of directors after 1 January 2017 must, no later than 12 months after joining the board of directors, complete a basic course for members of boards of directors in financial institutions.

The Board of Directors generally makes an effort to ensure diversity in the Board's composition, also in relation to experience, gender and age.

The nomination of candidates for election at Sparekassen's meeting of the Committee of Representatives is made on the basis of these principles.

Pages 30-35 show the managerial posts held by the members of the Board of Directors and the Executive Board, other disclosures, including whether the board members are dependent or independent in relation to Sparekassen, their age and the period for which they are elected to the Board of Directors etc.

### Board work

The Board of Directors is in charge of the overall and strategic management of Sparekassen. In this context, the Board of Directors must decide what primary types of business Sparekassen is to engage in and identify and quantify Sparekassen's key risks and define its risk profile, which includes defining the type and volume of risks Sparekassen is to take on, and lay down policies as to how Sparekassen is to manage each of its primary activities and the related risks. The Board of Directors ensures that the Executive Board observes the objectives and strategies laid down by the Board of Directors. Communication from the Executive Board takes place systematically by means of meetings as well as current reporting, oral and written. This reporting includes Sparekassen's development, profitability and financial position.

The Board of Directors makes decisions on, for example, authorisation of large exposures, acquisitions, major investments and divestments,

the size and composition of capital resources, non-current liabilities, budgets, control and audit matters, and operational matters.

The Board of Directors' rules of procedure lay down procedures for its tasks and responsibilities, procedures for holding board meetings etc. These rules of procedure are reviewed and evaluated at least once a year by the Board of Directors and are currently adjusted to the situation of Sparekassen.

The Board of Directors convenes according to a pre-determined meeting schedule, and when deemed necessary. Normally, Sparekassen holds a yearly strategy seminar where its vision, objectives and strategy are determined. Moreover, the Board of Directors normally every year attends a seminar along with other financial institutions. Due to COVID-19 restrictions, the relevant seminars have been held as part of the ordinary board meetings or been postponed.

The Board of Directors held 23 board meetings in 2020.

### Nomination Committee

The Board of Directors has appointed a Nomination Committee, which is to assist the Board of Directors in continuously assessing the required and existing qualifications of the members of the Board of Directors and Executive Board of Sparekassen. The Committee is also to undertake the preparatory work in the process of nominating members for Sparekassen's Board of Directors and Executive Board and to prepare nominations for the Board of Directors in this respect. The written terms of reference of the Nomination Committee are available on

Sparekassen's website: [www.spks.dk/nomineringsudvalg](http://www.spks.dk/nomineringsudvalg)

The Nomination Committee held three meetings in 2020.

### Remuneration Committee

The Board of Directors has appointed a Remuneration Committee. The Committee is to undertake the preparatory work, which will subsequently serve as a basis for the Board's decisions on remuneration, including remuneration policy and identification of significant risk-takers. The written terms of reference of the Remuneration Committee are available on Sparekassen's website: [www.spks.dk/afloenningsudvalg](http://www.spks.dk/afloenningsudvalg)

The Remuneration Committee held two meetings in 2020.

### Remuneration policy

Sparekassen's remuneration policy comprises all employees in Sparekassen, including the Executive Board, the Board of Directors and employees who have significant influence on the Group's risk profile, and employees in Sparekassen's control functions.

The remuneration policy is approved annually at the Annual General Meeting of Sparekassen and was last approved on 4 March 2020.

Salaries and remuneration to the Board of Directors, Executive Board and significant risk-takers are specified in note 8.

The remuneration policy is published on Sparekassen's website: [www.spks.dk/politikker](http://www.spks.dk/politikker)

### Audit Committee

The Board of Directors of Sparekassen has appointed a separate Audit Committee. Its tasks are (among others):

- To inform those charged with governance about the outcome of the statutory audit, including the financial reporting process
- To monitor the financial reporting process and make recommendations or proposals to ensure integrity
- To monitor whether Sparekassen's internal control system, internal audit and risk management systems function properly and efficiently
- To monitor the statutory audit of the financial statements etc
- To monitor and control the external auditor's independence and approve the auditor's non-audit services
- To be responsible for the procedure for the selection and recommendation of the auditor for appointment.

The written terms of reference of the Audit Committee are available on Sparekassen's website: [www.spks.dk/revisionsudvalg](http://www.spks.dk/revisionsudvalg)

The Committee meets according to a fixed schedule at least four times a year, to a great extent aligned with the monitoring of the financial reporting processes. The Audit Committee held six meetings in 2020.

### Risk Committee

In accordance with the legislation governing the financial sector, the Board of Directors of Sparekassen has also appointed a Risk Committee. The Risk Committee prepares the Board's work and advises the Board of Directors on Sparekassen's risk profile and risk strategy and supervises implementation of the Board's risk strategy etc so that the Board is aware of current and relevant risks when making business decisions. The Risk Committee's work is specified in written terms of reference that are available on Sparekassen's website: [www.spks.dk/risikoudvalg](http://www.spks.dk/risikoudvalg)

The Risk Committee held nine meetings in 2020. These many meetings are primarily attributable to risk management in relation to the COVID-19 pandemic.

### Managerial posts

Please refer to pages 30-35 of this Annual Report.

### Executive Board

The Board of Directors appoints the Executive Board, which is responsible for the planning and implementation of day-to-day operations and strategic plans. The Executive Board is not a member of the Board of Directors but participates in the Board of Directors meetings.

The Board of Directors' instructions to the Executive Board lay down the Executive Board's powers, procedures for the Executive Board's reporting to the Board of Directors and for these parties' communication. The instructions to the Executive Board are reviewed and evaluated at least once a year by the Board

of Directors and are regularly adjusted to the situation of Sparekassen.

### Shareholders

Sparekassen continuously seeks to inform shareholders about relevant matters and to enable a dialogue with the shareholders. This is done, for example, by publishing news, quarterly reports and annual reports and at general meetings. Sparekassen's website [www.spks.dk](http://www.spks.dk) is continuously updated with published information. Sparekassen frequently holds information meetings for investors.

The Board of Directors regularly assesses whether the capital structure is consistent with the interests of Sparekassen and its shareholders. The general objective is to ensure a capital structure that supports long-term profitable growth.

The shareholders' voting rights are exercised as follows:

Each nominal share denomination of DKK 10 carries one vote. However, for shares held by the same shareholder, the maximum vote cast cannot exceed a number equivalent to 7.5% of Sparekassen's total share capital.

If an offer is submitted to acquire shares in Sparekassen, the Board of Directors will consider the offer pursuant to regulations. Sparekassen's share capital is not divided into classes.

Sparekassen's largest shareholders are Sydbank A/S, AP Pension Livsforsikringsaktieselskab and Købstædernes Forsikring, Gensidig, which all hold an ownership interest between 5 and 9.99% of the shares in Sparekassen.

### Annual General Meeting

The Annual General Meeting has the supreme authority in all matters relating to Sparekassen. Accordingly, the Annual General Meeting can make decisions on amendments to the Articles of Association, distribution of dividends on recommendation by the Board of Directors, etc.

According to the Articles of Association, the Annual General Meeting of Sparekassen is held every year before the end of April.

General meetings – both ordinary and extraordinary – are convened by the Board of Directors not earlier than five weeks and not later than three weeks before the general meeting through announcement at Nasdaq Copenhagen and through announcement on Sparekassen's website, and in writing to all the shareholders listed in the register of shareholders who have made a request in this respect.

Extraordinary general meetings are convened at the request of (a) the Board of Directors, (b) the Committee of Representatives, (c) shareholders in Sparekassen Sjælland-Fyn A/S who hold at least 1/20 of the share capital and who state in writing to the Board of Directors what they want to be submitted to the general meeting, or (d) Sparekassen's auditor appointed by the general meeting. Extraordinary general meetings are convened in accordance with the above rules not later than two weeks after receiving the request.

The general meeting forms a quorum regardless of the size of the share capital represented at such meeting. Decisions are made by a simple majority among the votes cast when nothing else is explicitly prescribed.



Proposals for amendments to the Articles of Association or for the voluntary dissolution of Sparekassen can be adopted only by at least 2/3 of the votes cast as well as the voting share capital represented at the general meeting.

No shares in Sparekassen Sjælland-Fyn A/S carry special rights.

### Risk management

Sparekassen assumes different risks as part of carrying on financial business and other related activities. The most significant types of risk are credit risk, market risk, liquidity risk and operational risk. The Board of Directors defines the Group's risk policies and the framework for the risk areas that Sparekassen is exposed towards. The Executive Board provides, within the policies, the framework for each division's and employee's powers in carrying on risky operations.

To provide an overview of the individual and total risks, Sparekassen has established a risk management function and appointed a risk manager. The risk manager reports to the Executive Board.

The overall goals of risk management are that Sparekassen, with early and precise identification of risks, learning of events and focused management of assumed risks achieves satisfactory earnings on a known risk basis. For further specifications of Sparekassen's risk management and current risks, see note 43 to the financial statements.

### Compliance

Sparekassen's Compliance function assesses and checks the observance of the legislation, industrial standards and internal rules applicable

to Sparekassen. Moreover, the Compliance function assesses whether the business processes and controls that are implemented as part of Sparekassen's control environment are designed so as to detect whether the sets of rules are complied with.

The Compliance function is headed by a compliance manager who reports to the Executive Board.

An independent Head of the Anti-Money Laundering function has been appointed, who is responsible for Sparekassen's anti-money laundering setup, which is to implement measures to prevent Sparekassen from being used for money laundering or financing of terrorism.

The head of the anti-money laundering function reports to the Executive Board.

### Capital management

Sparekassen's capital management is based on the Capital Requirements Regulation and relating executive orders. Sparekassen actively seeks to optimise capital management, including the capital structure, so it is continuously able to cover the existing and planned risk exposures and also ensures that it is as cheap and stable as possible.

The Board of Directors discusses continuously and at least once every quarter the overall composition and development of the risk on the balance sheet and assesses existing and expected future risk effects and uncertainties and assesses on this background the capital requirement and target excess cover. This monitoring enables Sparekassen to plan its activities,

which can thus be optimised in relation to the capital resources.

It is Sparekassen's strategy to continuously ensure an adequate excess cover to ensure the freedom of action to implement the planned business activities and thus to maintain continuity in the operation and development of Sparekassen. Also, through risk management, Sparekassen makes a current effort to reduce risk as well as capital charges on non-core activities as much as possible.

A further description of Sparekassen's risks, the efforts to reduce and optimise these risks, and a calculation of the capital requirement is available in the notes to this Annual Report and in the related reports on risk data and capital requirement.

The reports on risk data and capital requirement are available on Sparekassen's website: [www.spks.dk/regnskab](http://www.spks.dk/regnskab)

### Financial reporting process

The Board of Directors and the Executive Board have the overall responsibility for the Group's control and risk management in connection with the financial reporting process, including compliance with relevant legislation and other financial reporting regulations.

It is the Finance Department that books, reconciles, analyses and handles general quality assurance in Sparekassen's financial reporting processes. The financial reporting processes are described in detail in a number of business processes to ensure that items are handled in compliance with current legislation and internal instructions. As part of the process, time sched-

ules are prepared defining the delivery time and the person responsible, which ensures that financial statements are prepared and submitted for the Audit Committee and the Board of Directors to discuss and approve the financial statements within the set deadlines.

Sparekassen's control and risk management systems can create reasonable but not absolute assurance that inappropriate use of assets, loss and/or material misstatements and omissions in connection with the financial reporting are avoided.

Upon presentation of the financial statements, Sparekassen's Internal Audit and the independent auditors appointed by the General Meeting will issue a report on their audit of the financial statements etc.

### Control environment

At least once a year, the Board of Directors assesses the organisational structure, the risk of fraud and the extent and relevance of internal rules and guidelines.

The Board of Directors establishes and approves overall policies and risk limits, whereas the Executive Board is responsible for these being observed when business activities are carried out. The Executive Board is also responsible for the preparation of business processes and relating controls in all significant risk areas, including for the financial reporting process. Compliance with policies and business processes is currently strongly emphasised, and monitoring and control of compliance are tested on a sample basis.

Sparekassen wants a strong control environment which can help reduce its risks. Therefore, the

Executive Board monitors compliance with relevant laws and other regulations and provisions and reports to the Board of Directors on an ongoing basis.

### Risk assessment

At least once a year, the Board of Directors makes an overall assessment of risks relating to the financial reporting process. As part of the risk management process, the Board of Directors considers the risk of fraud and the measures to be taken in order to reduce and/or eliminate such risks. Moreover, the Board of Directors assesses whether day-to-day management may be able to override controls and exercise inappropriate influence on the financial reporting process.

### Auditors

To safeguard shareholders' and public interests, at least one firm of state-authorized public accountants is appointed at the Annual General Meeting upon recommendation of the Board of Directors. The audit firm appointed becomes Sparekassen's independent auditors.

In addition to the independent auditor appointed by the Annual General Meeting, Sparekassen has set up an internal audit function. Internal Audit is working independently of daily operations and reports directly to the Board of Directors.

The auditors report to the entire Board of Directors at least twice a year and also immediately after having identified any affairs or conditions that the Board of Directors should address. The auditors participate in Board of Directors meetings and Audit Committee meetings in connection with the presentation of reports to the Board of Directors and as required.

Chairman of the Board of Directors  
**Thomas Kullegaard**

**Board of Directors**



2012 - Chairman of the Board of Directors of Sparekassen Sjælland-Fyn A/S

2011 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S

1953 - Year of birth

Residing in Holbæk

Member of the Remuneration Committee, the Nomination Committee, the Risk Committee and the Audit Committee

**Executive Officer**

Tokasi Holding ApS • Kasito ApS  
Tokasi Thomas ApS

**Education**

Arkitekt M.A.A.

**Board member**

Ejendomsselskabet Sjælland-Fyn A/S  
Investeringselskabet Sjælland-Fyn A/S  
Fonden for Sparekassen Sjælland  
Holbæk Erhvervsforum  
Tokasi Holding ApS

**Special competences**

- Experience in board work
- Management experience, strategy and execution
- Broad business insight and financial literacy

**Shareholding**

19,167 shares

Independent

Term of office expires in 2022

Vice-Chairman of the Board  
**Jakob Nørrekjær Andersson**



2013 - Vice-Chairman of the Board of Directors of Sparekassen Sjælland-Fyn A/S

2011 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S

1967 - Year of birth

Residing in Holbæk

Chairman of the Remuneration Committee, the Nomination Committee and the Audit Committee

Member of the Risk Committee

**Executive Office**

HM Gruppen A/S • HM Gruppen Holding ApS • Mana Invest af 2004 ApS  
Sofievej 4 ApS • Safire Holding ApS

**Education**

Banking school

Diploma in financing and credit (HD), specialised in credit scoring models

**Chairman of the Board of Directors**

Datoselskabet af 2019 A/S

**Board member**

Ejendomsselskabet Sjælland-Fyn A/S  
Investeringselskabet Sjælland-Fyn A/S  
HM Gruppen A/S

**Special competences**

- Broad business insight in particular within finance, accounting, control and the credit area
- Broad knowledge of the corporate area in general and the building industry in particular

**Shareholding**

17,099 shares

Independent

Term of office expires in 2021

Board member  
**Bent Andersen**



2015 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S

1948 - Year of birth  
Residing in Aarhus  
Chairman of the Risk Committee  
Member of the Audit Committee

**Education**

Banking school  
Bachelor of Commerce

**Chairman of the Board of Directors**  
Ejendomsselskabet Sjælland-Fyn A/S  
Investeringselskabet Sjælland-Fyn A/S

**Board member**

Vinhandler N.O. Andersens Legat

**Special competences**

- Experience in board work
- Management of financial services enterprise at executive board level

- Industry insight within financing, properties and agriculture
- Financial insight, particularly within credit rating and risk management
- Insight in social conditions and the corporate and private sectors
- Meets the requirement of qualifications as a member of the audit committee in financial services enterprises

**Shareholding**

2,341 shares

Independent

Term of office expires in 2022

Board member  
**Kirsten Hede Nielsen**



2019 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S

1961 - Year of birth  
Residing in Copenhagen  
Member of the Remuneration Committee, the Nomination Committee and the Audit Committee

**Executive Officer**

Chief of Programme at CBS Executive/Board Governance Educational Programmes

Project Director of the Board Leadership Society in Denmark's Cyber Competence Centre

Kirsten Hede Holding ApS  
Birk & Hede I/S

**Education**

CBS-Executive bestyrelsesuddannelse MMV  
CBS-Executive bestyrelsesuddannelse Management Programme INSEAD (Bank og Finans)

**Chairman of the Board of Directors**  
Københavns Badmintonklub

**Board member**

Port of Hanstholm  
Investeringsforeningen Falcon Invest

**Special competences**

- Board work
- Banking and finance
- Business management
- Risk management
- Organisational development
- Capital markets

**Shareholding**

3,800 shares

Independent

Term of office expires in 2021

Board member  
**Erik Larsen**



2013 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S

1958 - Year of birth

Residing in Dalmose

Member of the Risk Committee and the Audit Committee

Farmer owning five properties, engaging in pig production and agricultural contractor work

**Education**

Green certificate, Høng Landbrugsskole, Danish Agriculture & Food Council, Board education

**Board member**

Landbrug & Fødevarer • OK a.m.b.a., næstformand • Danoil Exploration A/S Energidata A/S • Kamstrup A/S • OK Energiteknik A/S • OK Plus A/S OK Plus Butiksdrift A/S • Samfinans A/S

**Special competences**

- Board work, especially within the agricultural industry
- Broad insight into agriculture and agricultural policy
- Competences within finance and business development
- Insight in social conditions and the corporate and private sectors

**Shareholding**

4,612 shares

Independent

Term of office expires in 2021

Board member  
**Otto Spliid**



2013 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S

1961 - Year of birth

Residing in Odense

**Executive Officer**

Focus-Advokater P/S • SLK Advokatanpartsselskab • Focus Advokater Komplementar ApS

**Education**

Cand. Jur.

**Chairman of the Board of Directors**

Chr. P. Holding ApS • El-team kbh. ApS Gardingruppen Gardinmontøren ApS Henning Ibsen A/S • Natex of Scandinavia A/S • Wilson Offshore A/S

**Board member**

Ejendomsselskabet Sjælland-Fyn A/S Investeringselskabet Sjælland-Fyn A/S Am Værktøj Odense A/S • Autohuset Vestergaard A/S Personvogne Autohuset Vestergaard Personvogne Holding A/S • AV Biludlejning A/S El-Team Fyn A/S • Gartneriet Thorup-

lund A/S, Fraugde • Maskinfabrikken H.M.A. Odense A/S Rehabiliter & Busser A/S • Schiang Living A/S • Siolit A/S

**Special competences**

- Experience in board work
- Legal competences within company law, acquisitions and reconstructions
- Broad insight in the Funen business sector and general market conditions

**Shareholding**

2.811 shares

Independent

Term of office expires in 2022



Board member

**Helle Lindhof Bjørnøe**



2015 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S, employee representative

1963 - Year of birth

Residing in Holbæk

Member of the Remuneration Committee and the Nomination Committee

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Wealth Adviser, Sparekassen Sjælland-Fyn A/S

**Education**

Banking school

Certified wealth adviser

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**Shareholding**

3,188 shares

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Term of office expires in 2024

Board member

**Per Olsen**



1994 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S, employee representative

1963 - Year of birth

Residing in Copenhagen

Member of the Risk Committee

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Development Manager, Sparekassen Sjælland-Fyn A/S

**Education**

Banking school

Diploma in organisation (HD), specialised in information management and strategy

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**Shareholding**

5,348 shares

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Term of office expires in 2024

Board member  
**Mads Wallin**



2016 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S, employee representative  
 1980 - Year of birth  
 Residing in Holmegaard  
 Member of the Remuneration Committee and the Nomination Committee

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Area Manager, Sparekassen Sjælland-Fyn A/S

**Education**

Savings bank school  
 Diploma in business administration (financial planning) (HD), specialised in management and project management  
 Master's degree in management

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**Shareholding**

768 shares

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Term of office expires in 2024

Chief Executive Officer  
**Lars Petersson**

**Executive Board**



2015 - Chief Executive Officer  
 2010 - Managing Director  
 2009 - Joined the Executive Board  
 1986 - Year of employment  
 1967 - Year of birth  
 Residing in Arnakke

---

**Education**

Banking school  
 Master's degree in management

**Chairman of the Board of Directors**

Holbæk Kommunes Talentråd  
 Museum Vestsjælland  
 Impagt Invest Sjælland A/S

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**Board member**

Ejendomsselskabet Sjælland-Fyn A/S  
 Investeringsselskabet Sjælland-Fyn A/S  
 BI Holding A/S  
 DLR Kredit A/S  
 Nærpension forsikringsformidling A/S

**Shareholding**

24,466 shares

Executive Officer of the Savings Bank

**Bruno Riis-Nielsen**



2016 - Executive Officer of the Savings Bank

2014 - Year of employment

1953 - Year of birth

Residing in Holbæk

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**Education**

Banking school

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**Chairman of the Board of Directors**

Leasing Fyn Faaborg A/S

**Board member**

Finance Zealand

Leasing Fyn Bank A/S

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**Shareholding**

8,024 shares

Executive Officer of the Savings Bank

**Lars Bolding**



2019 - Executive Officer of the Savings Bank

2019 - Year of employment

1964 - Year of birth

Residing in Holbæk

---

**Education**

Banking school

SMB INSEAD

**Shareholding**

17,000 shares

# Statutory report on the underrepresented gender in Sparekassen's supreme governing body and at other management levels

In pursuance of section 79a of the Danish Financial Business Act and section 139a of the Danish Companies Act, the Board of Directors has set target figures for the share of the underrepresented gender in the Board of Directors and prepared the following policy to increase the share of the underrepresented gender in the Group's other management levels.

## Target figures for the representation of the underrepresented gender on the Board of Directors

In 2020, the gender composition of Sparekassen's board members is 78% male and 22% female. It is Board of Director's objective to increase the share of women in the Committee of Representatives so that there will be a recruitment basis of both genders for directorships. Since 2012, the share of women in the Committee of Representatives has increased from just under 5% to 22%.

It is the Board of Directors' aim to have an equal distribution of men and women at board level within the next three to five years. An equal distribution is defined as a balance between men and women of 40% to 60%.

## Policy to increase the representation of the underrepresented gender at the Group's other management levels

It is Sparekassen's overall objective to provide an equal distribution of men and women in management. We want to be able to follow up on the development of the gender composition in management and to be able to adjust the efforts on the way in relation to the goals that are set. We consider objectives and target figures as an efficient tool to ensure progress and achieve results.

### Sparekassen has set the following concrete goals:

- The employees must experience that they have the same opportunities for career and management positions regardless of gender.
- Before 2025, the share of the underrepresented gender at the respective management levels must be:  
 Target for area managers: 40/60 %  
 but with subtarget of 10/90% in 2023  
 Target for branch managers: 40/60 %  
 Target for staff managers: 40/60 %.

## Implementation of the policy and targets achieved in 2020

Sparekassen's objectives and policy for increasing the share of the underrepresented gender have been followed and observed throughout 2020. The results are presented in this report and in the outline of the Board of Directors and other management levels at the end of the Annual Report.

### Board of Directors

In 2020, the election period of three incumbent male members of the Board of Directors expired. All three members were renominated and elected.

Seven of the board members are men and two are women.

### Other management levels

The gender composition of other management levels is based on the policy prepared for this area. According to this policy, leaders are employed or appointed based on their competencies, regardless of gender.

### Status at 31 December 2020:

Area managers: 0/100 %  
 Branch managers: 39/61%  
 Staff managers: 50/50%.

# Shareholder information

Sparekassen's shares were listed at Nasdaq Copenhagen on 3 December 2015.

At the end of 2019, Sparekassen's share was quoted at DKK 89.6. In the first one and a half months of the year, the share price increased to peak in mid-February 2020 at DKK 99.6. Then followed a period of great uncertainty in the financial markets because of the COVID-19 outbreak, which was presumably the reason

why the price of the Sparekassen share fell to around DKK 75 in mid-March 2020. Since then, the share price has generally been on the rise, and the quoted price at the end of 2020 was DKK 90.0. Moreover, DKK 3.0 in dividend was paid in March 2020. The total per share yield for 2020, inclusive of dividend, is then DKK 3.4, or 3.8%.

A comparison of developments in Sparekassen's share price with developments in the OMX Copenhagen Bank Index and MSCI Europe Banks shows that Sparekassen has done better than the indexes for financial institutions in both Denmark and Europe, refer to the graph below.

## Investor Relations

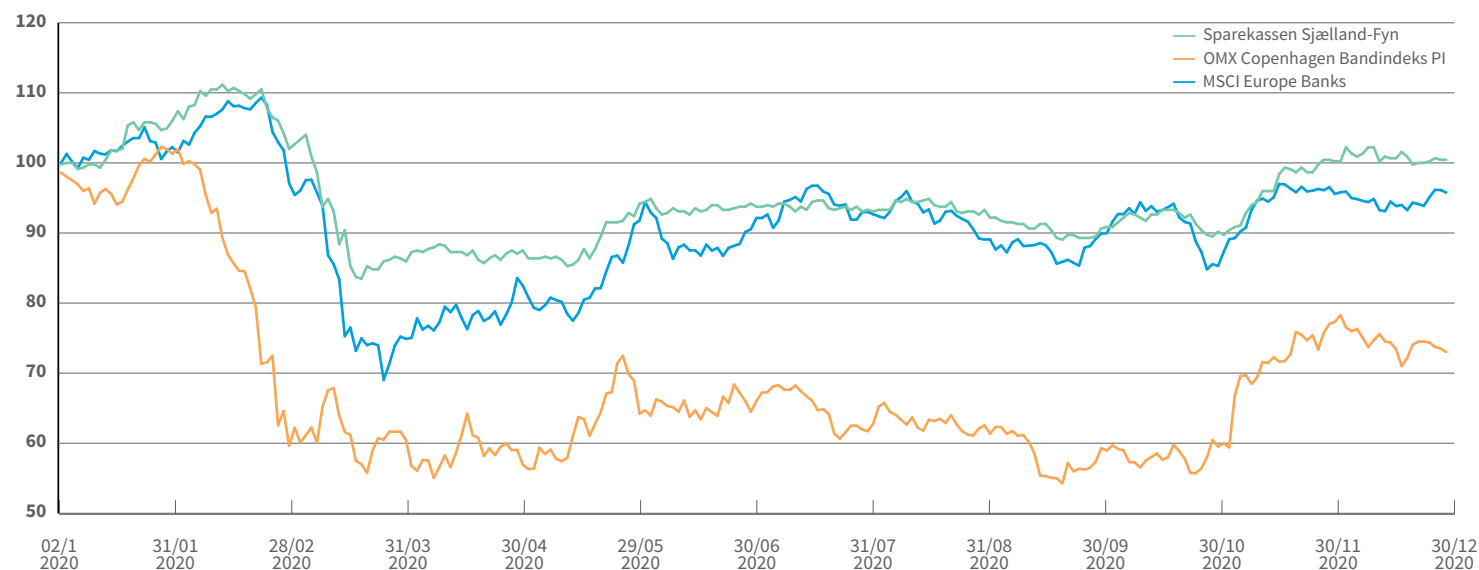
Sparekassen constantly strives to develop and maintain favourable relations with its stakeholders as such relations are considered to have a significant and positive impact on its development. On this basis, Sparekassen Sjælland-Fyn has drawn up a communications policy.

## Share information

Stock exchange	Nasdaq Copenhagen A/S
Share capital	173,749,730 DKK
Nominal denomination	10 DKK
Number of shares	17,374,973
Share classes	One
Number of votes per share	One
Bearer security	No
Voting right restrictions	Yes
Restrictions on negotiability	No
ISIN code	DK0060670776

## Share price development 2020 index

30.12.2019 = Index 100



The communications policy and related procedures are to ensure that investors, employees and authorities, etc are provided with the information that is of importance to them, and that such information is published in accordance with the current rules and agreements.

Communication with investors and share analysts is handled by Sparekassen's Executive Board. The dialogue comprises a wide range of activities and takes place in accordance with Nasdaq Copenhagen A/S's rules and applicable law. Immediately after its publication, all investor information is distributed to shareholders who have requested such information. The investor information is also available at [www.spks.dk/ir](http://www.spks.dk/ir).

Efforts are constantly made to communicate extensive information to the share market on Sparekassen's financial and operating conditions and strategies. This is done, for example, by publishing news, quarterly reports and annual reports and at general meetings. As stated before, Sparekassen's website [www.spks.dk/ir](http://www.spks.dk/ir) is continuously updated with published information. Furthermore, Sparekassen Sjælland-Fyn holds regular meetings with investors and analysts.

### Shareholder structure at 31 December 2020

At 31 December 2020, Sparekassen had approx 26,000 shareholders.

About 92% of the share capital is held by Danish investors whereas about 8% are foreign investors.

Three shareholders have an ownership interest between 5 and 9.99%:

- Sydbank A/S
- AP Pension Livforsikringsaktieselskab
- Købstædernes Forsikring, Gensidig

### Treasury shares

At 31 December 2020, Sparekassen's portfolio of treasury shares amounted to 131,313 shares of a nominal value of DKK 10 each, equal to 0.76% of the share capital.

In 2020, Sparekassen was permitted by the Danish FSA to acquire treasury shares for up to DKK 6m in market value.

### Dividend policy

Having regard to the interests of the shareholders and to ensure capital to maintain the desired excess capital adequacy and capital ratio, Sparekassen has adopted the following objective for paying dividend to its shareholders:

It is Sparekassen's objective to pay 25% of profit for the year after tax and to pay interest to hybrid core capital, taking into account capital measures and ensuring that Sparekassen has sufficient capital to meet regulatory requirements as well as business and socio-economic conditions. The payment can be made as common dividend or as a share buy-back depending on what is found most appropriate.

Financial ratios of shares and dividends are shown in the statement of financial highlights in note 1.

### Financial calendar 2021

Time	Event
Thursday, 11 February	Publication of Annual Report 2020
Wednesday, 10 March	Annual General Meeting
Wednesday, 5 May	Interim Announcement for Q1 2021
Wednesday, 11 August	Publication of H1 2021 Interim Report
Wednesday, 3 November	Interim Announcement for Q3 2021

### Accounting estimates

In connection with the preparation of the financial statements, Management makes judgements and estimates about future events and conditions as a basis for the accounting valuation of assets and liabilities. These estimates and judgements are based on assumptions that Management finds appropriate. 2020 has been marked by the COVID-19 pandemic, which must be considered an unusual circumstance that has affected judgements. In particular, Management has made some management add-ons in valuing Sparekassen's loan portfolio. However, the assumptions underlying these estimates and judgements are inherently uncertain and subject to some unpredictability. For further details, please refer to note 3 to the financial statements, "Significant judgements and estimates, assumptions and uncertainties".

### Disclosure requirements

According to schedule 20 of the Executive Order on Capital Adequacy, Sparekassen is required to publish a number of disclosures on capital resources, solvency needs, credit risks, etc. Sparekassen has decided to publish the disclosures in the report "Risk Disclosures for the Annual Report 2020".

The report is available on Sparekassen's website: [www.spks.dk/regnskab](http://www.spks.dk/regnskab)

# Statutory report on corporate social responsibility - CSR

Sparekassen is subject to some rules on the preparation of a report on corporate social responsibility. The specific rules are laid down in sections 135a and 135b of the Danish FSA's Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc.

As part of these rules, Sparekassen is required, for example, to prepare policies within the following areas:

- Environmental and climatic impacts
- Social conditions and labour aspects
- Human rights
- Anti-corruption and bribery.

The policies define how we at Sparekassen integrate and act out social responsibility within each of these areas.

Under current rules, Sparekassen may opt not to prepare policies in the stated areas but must in such cases give reasons for the opt-out.

We have opted not to draw up a policy on the environmental and climatic impacts area. This opt-out was made in view of Sparekassen's activities as a financial institution and the related business activities – we do not produce or work with, for instance, chemicals, and we do not consume natural resources to a significant extent, and our operations are not considered

to have any significant negative impact on the environment or to result in any undesirable climatic impact. The decision not to have a specific policy for the area does not mean, however, that we are not making any efforts to protect the environment or to ensure that we impact the environment as little as possible.

We try to act out our social responsibility in the entire savings bank – in addition to the policies drawn up – by focusing on the four overall action areas: Society and local commitment, customers and products, employees, and the environment. For example, Sparekassen has already carried through initiatives to reduce our climate and environmental footprint – and will continue to do so in future.

Every year, we define some targets for each action area to maintain focus on financial, social and environmental aspects. These targets are described in our CSR report and include an aspiration of lowering our energy consumption further and of making it easier for our customers to make choices that are good for the environment and that contribute to the green transition.

In line with this, we work towards giving our customers the opportunity to invest responsibly. This has long been an integral part of our investment process and means, for example, that



we require accountability from our investment business partners. Consequently, our business partners must integrate environmental, social and governance aspects (ESG), among other factors, in their investment analyses and decision-making processes.

At year-end 2020, Sparekassen and Værdipapirfonden Sjælland-Fyn have applied for and implemented UNPRI in relevant procedures and work processes. In relation to ESG, the primary focus will be on the E (Environment) in 2021.

At the beginning of 2021, Sparekassen – just like other financial advisers – will also present a policy for responsible investment that will describe in more detail how we intend to continue to work to assist our customers in investing responsibly and what requirements we intend to impose on our investment business partners.

At the same time, we make an effort to contribute to the UN Sustainable Development Goals. It is the sum of our joint efforts that will chart the course for us towards a more sustainable future, and at Sparekassen we are conscious of this responsibility.

Our full CSR report for the Sparekassen Sjælland-Fyn Group, including our ESG efforts, is available on our website:

[www.spks.dk/regnskab](http://www.spks.dk/regnskab).

# Financial review of the Parent

## Financial statements 2020

The profit or loss and the balance sheet of the Parent are to a great extent reflected in the consolidated financial statements as only a small portion of the Group's total business activities are carried on in the subsidiaries, for which reason reference is made to the financial review for the Group for supplementary information.

Most of the Group's property portfolio is held by the subsidiary, Ejendomsselskabet Sjælland-Fyn A/S.

2020 has seen much improved earnings before translation and market value adjustments and impairment losses on loans and advances etc and profit/loss from investments in associates and group enterprises (core earnings) for the Parent, Sparekassen Sjælland-Fyn A/S.

## Income statement

### Net interest income

Net interest income has decreased by DKK 8.6m and amounts to DKK 531.6m against DKK 540.2m in 2019.

Total interest income has seen a decline of DKK 46.4m and amounts to DKK 544.6m. Interest income is marked by the continuously low interest rate environment and low demand for loans and advances. Interest income from loans and advances has gone down by DKK 32.9m. This development is a combination of declines in average lending and the average interest rate

on loans and advances. The decline in loans and advances on the balance sheet should be seen in conjunction with the favourable economic climate in the real estate market, entailing that an increasing portion of the customers' debts may be financed by means of mortgage loans. Mortgage loans arranged by Sparekassen have therefore risen by DKK 4.1bn in 2020.

Interest income from the bond portfolio has decreased by DKK 17.7m to DKK 33.1m, which is attributable to a lower average direct interest rate on this portfolio.

In 2019, negative interest income amounts to DKK 23.5m against DKK 17.6m in 2019. The negative interest income is related to Sparekassen's placement of excess liquidity in certificates of deposit, treasury bills and short-term floating-rate mortgage credit bonds. Under the requirements to have an appropriate liquidity buffer (LCR ratio), Sparekassen must have a certain amount of liquidity placed in financial assets issued by governments, such as certificates of deposit, treasury bills and government bonds, resulting in negative interest income.

Total interest expenses have gone up by DKK 2.6m to DKK 47.7m. This development arises from interest expenses on subordinated loan capital and issued bonds (eligible liabilities/senior non-preferred bonds) which have increased by DKK 3.0m in total in 2020. Interest expenses for deposits have remained largely the same.

Because of the continuously low interest rate levels and the increasing imbalances between deposits and loans and advances, Sparekassen has in 2020 regularly adjusted the interest rate level for deposit products for both private customers and corporate customers. Following this, each private customer having a NemKonto account with Sparekassen can have up to DKK 100,000 deposited without having to pay negative interest at the annual rate of 0.6%. For corporate and unit trust customers and pension funds, the annual interest rate for deposit products from January 2021 will be a negative 0.75% and a negative 0.60%, respectively, from the first krone deposited. These steps combined with other initiatives are intended to support the future development in net interest income. Because of the ongoing price adjustments of deposit products, positive interest expenses have increased by DKK 46.3m in 2020 to stand at DKK 58.2m at financial year-end.

### Fee and commission income

Fee and commission income continues to develop quite satisfactorily and has gone up by DKK 39.0m to DKK 580.6m by the end of 2020. This is a 7% increase and attributable to generally heavy business activities, for example, in the housing area where many mortgage loans are being arranged through the business partners Totalkredit and DLR Kredit in connection with re-mortgaging and house transactions. Also, activities in the asset management area are healthy, and a continued effect is seen of the

price adjustments made for payment of the services provided by Sparekassen.

### Costs inclusive of amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment

In aggregate, staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have gone down by DKK 29.9m, or 4%. Overall, expenses for the IT centre Bankdata have increased, whereas staff costs and amortisation of intangible assets and depreciation of property, plant and equipment have decreased.

### Translation and market value adjustments

Translation and market value adjustments total DKK 25.2m whereas in 2019 they were negative by DKK 27.9m. This development covers market value adjustments of bonds which are negative by DKK 32.0m as opposed to a negative DKK 54.1m in 2019. Particularly in the last half of Q1 2020, the financial markets have generally been affected by the macroeconomic uncertainty caused by the entire COVID-19 situation, including declining prices and a widened credit spread for mortgage credit bonds. The situation on the financial markets has generally stabilised in the last three quarters of 2020. Contributing factors to negative price adjustments of bonds in both 2019 and 2020 are that a relatively high number of mortgage credit bonds have been drawn that were acquired at a premium and that very short-term floating-rate mortgage





credit bonds have matured at par. Market value adjustments of shares stand at DKK 46.1m compared to DKK 39.2m last year. This development is primarily a combination of price increases in Sparekassen's portfolio of sector shares and shares in Lollands Bank A/S and generally favourable share market conditions in the last three quarters of 2020.

The market value adjustment of shares includes a DKK 6.8m adjustment of the shares in Lollands Bank A/S.

From the date when Sparekassen gained an equity interest of over 20% as well as significant influence, the revaluation to equity value has been recognised as a profit from investments in associates and group enterprises.

Translation and market value adjustments of investment property, foreign currencies and other financial instruments total DKK 11.1m against a negative DKK 13.0m last year. Last year's level of the negative translation and market value adjustments was primarily caused by the hedging of a portion of Sparekassen's bond portfolio.

Impairment losses on loans and advances etc amount to DKK 163.0m, which is DKK 135.2m up on the balance at the same date last year. This increase is a result of the considerable provisions in the form of management add-ons that Sparekassen has made. Since year-end 2019, total management add-ons have increased by DKK 166.6m.

#### **Profit/loss from investments in associates and group enterprises**

Profit/loss from investments in associates and group enterprises has increased by DKK 14.7m

to DKK 34.5m. The increase reflects the acquisition and the subsequent regular value adjustment to equity value of the block of shares in Lollands Bank A/S and a decline in profit from Sparekassen's subsidiaries.

#### **Financial performance for the year**

Pre-tax profit then amounts to DKK 239.0m against DKK 244.8m last year, and net profit is DKK 228.7m against DKK 226.7m in 2019.



# Annual Report

Group and Parent



# Statement by Management on the Annual Report

We have today considered and approved the Annual Report of Sparekassen Sjælland-Fyn A/S for the financial year 1 January to 31 December 2020.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent financial statements have been prepared in accordance with the Da-

nish Financial Business Act. The management commentary has been prepared in accordance with the Danish Financial Business Act. Furthermore, the Annual Report has been prepared in accordance with additional Danish disclosure requirements for listed financial companies.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and Spa-

rekassen's financial position at 31 December 2020 as well as of their financial performance and the consolidated cash flows for the financial year 1 January to 31 December 2020.

In our opinion, the management commentary contains a fair review of the development in the Group's and Sparekassen's activities and finances, performance for the year and the Group's and Sparekassen's financial position as a whole

as well as a description of the principal risks and uncertainties that they face.

We recommend the Annual Report for adoption at the Annual General Meeting.

Holbaek 11 February 2021

## Executive Board

Lars Petersson  
Chief Executive Officer

Bruno Riis-Nielsen  
Executive Officer of the Savings Bank

Lars Bolding  
Executive Officer of the Savings Bank

## Board of Directors

Thomas Kullegaard  
Chairman

Jakob Nørrekjær Andersson  
Vice-Chairman

Bent Andersen

Erik Larsen

Otto Frederik Spliid

Kirsten Hede Nielsen

Per Olsen

Helle Lindhof Bjørnøe

Mads Wallin

# Internal auditor's report

## To the shareholders of Sparekassen Sjælland-Fyn A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Sparekassen Sjælland-Fyn A/S for the financial year 1 January to 31 December 2020. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies. The parent financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements and parent financial statements of Sparekassen Sjælland-Fyn A/S give a true and fair view of the Group's and Sparekassen's financial position at 31 December 2020 and of their financial performance and the consolidated cash flows for the financial year 1 January to 31 December 2020 in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies with respect to the consolidated financial statements and in accordance with the Danish Financial Business Act with respect to the parent financial statements.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

### Basis for opinion

We conducted our audit in accordance with the Danish Financial Supervisory Authority's Executive Order on Auditing Financial Undertakings, etc. as well as Financial Groups and International Standards on Auditing regarding the planning and performance of the audit.

We planned and performed the audit to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements are free from material misstatement. We participated in the audit of all significant and risky areas.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Statement on the management commentary

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements or the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement of the management commentary.

Holbæk 11 February 2021

Thomas Sandal  
Chief Internal Auditor

# Independent auditor's report

## To the shareholders of Sparekassen Sjælland-Fyn A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Sparekassen Sjælland-Fyn A/S for the financial year 1 January to 31 December 2020, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and notes, including the summary of significant accounting policies, for the Group as well as Sparekassen and the consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies, and the parent financial statements are prepared in accordance with the Danish Financial Business Act.

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and Sparekassen's financial position at 31 December 2020 and of their financial performance and the consolidated cash flows for the financial year 1 January to 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed financial companies with respect to the consolidated financial statements and in accordance with the

Danish Financial Business Act with respect to the parent financial statements.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

We were appointed auditors of Sparekassen Sjælland-Fyn A/S for the first time on 13 March

2014 for the financial year 2014. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of 7 years up to and including the financial year 2020.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Impairment losses on loans and advances

Loans and advances of the Group and Sparekassen amount to DKK 11,951m and DKK 12,070m, respectively, and impairment losses on loans and advances amount to DKK 631m for the Group and DKK 609m for Sparekassen at 31 December 2020.

Determining impairment losses on loans and advances is subject to estimation and judgement. Due to their significance of such estimation and judgement, the audit of impairment losses on loans and advances is a key audit matter.

The principles for determining the impairment losses are described in the section "Summary of significant accounting policies", and Management has further described the management of credit risks and the review for impairment in note 43 to the consolidated financial statements.

The areas involving the highest level of management judgement, thus requiring greater audit attention, are:

- Assessing whether loans and advances are credit-impaired
- Parameter estimates in the model-based impairment calculation, including adjustment for future economic events and conditions
- Determining the most probable development of future payments on loans and advances, including valuation of collateral
- Management judgement of losses on customers
- Assessing the effects of COVID-19 and other events that were not already considered by the impairment models in terms of management judgements incorporated in the models and management add-ons in the impairment models.

**How the matter was addressed in our audit**

We have audited the measurement of loans and advances, including the write-down for impairment of loans and advances. Our audit comprised a review of relevant business procedures and test of controls over matters requiring significant management judgement, thus requiring greater audit attention, and an analysis of the amount of impairment losses.

Our audit procedures also comprised:

- Performing a risk-based test of loans and advances to ensure timely identification of credit-impaired loans and advances, including correct write-down for impairment thereof.
- Assessing the parameter estimates applied in the model-based calculation, including adjustment for future economic conditions.
- Assessing the most probable development of future payments on loans and advances, including valuation of collateral.
- Assessing management judgements of losses on customers.
- Challenging management judgements incorporated in the impairment models and management add-ons in the impairment models in relation to the effects of COVID-19 and other events that had not already been considered by the impairment models.

**Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements or the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Business Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Business Act. We did not identify any material misstatement of the management commentary.

**Management's responsibilities for the consolidated financial statements and the parent financial statements**

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial

Business Act with respect to the consolidated financial statements and in accordance with the Danish Financial Business Act with respect to the parent financial statements, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and Sparekassen's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group and Sparekassen or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated

financial statements and these parent financial statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Sparekassen's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in the preparation of the consolidated financial statements and the



parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the Group's and Sparekassen's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Sparekassen to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent financial statements, including the disclosures in the notes,

and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to

outweigh the public interest benefits of such communication.

Copenhagen 11 February 2021

## Deloitte

Statsautoriseret Revisionspartnerselskab  
CVR-nr. 33 96 35 56

Jens Ringbæk  
State-Authorised Public Accountant  
MNE-nr. 27735

Christian Dalmose Pedersen  
State-Authorised Public Accountant  
MNE-nr. 24730

## Income statement

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
4	Interest income calculated using the effective interest method	509,135	539,853	484,436	516,558
4	Other interest income	60,136	74,434	60,136	74,434
4a	Negative interest income	23,518	17,640	23,518	17,640
5	Interest expenses	46,416	43,552	47,657	45,096
5a	Positive interest expenses	57,556	11,632	58,212	11,931
	<b>Net interest income</b>	<b>556,893</b>	<b>564,727</b>	<b>531,609</b>	<b>540,187</b>
	Dividends on shares etc	28,994	24,935	28,994	24,935
6	Fees and commission income	579,494	541,357	580,662	541,694
	Fees and commission expenses	16,115	17,745	15,894	17,511
	<b>Net interest and fee income</b>	<b>1,149,266</b>	<b>1,113,274</b>	<b>1,125,371</b>	<b>1,089,305</b>
7	Market value adjustments	16,198	-43,573	25,172	-27,920
	Other operating income	20,712	27,380	7,399	8,981
8	Staff costs and administrative expenses	729,050	725,744	707,870	707,964
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	66,012	85,467	67,813	97,604
10	Other operating expenses	23,314	19,277	14,721	11,962
11	Impairment losses on loans and advances etc	160,927	16,930	163,011	27,819
17	"Profit/loss on investments in associates and group enterprises"	35,007	1,679	34,482	19,800
	<b>Profit before tax</b>	<b>241,880</b>	<b>251,342</b>	<b>239,009</b>	<b>244,817</b>
12	Income tax	13,225	24,618	10,354	18,093
	<b>Profit for the year</b>	<b>228,655</b>	<b>226,724</b>	<b>228,655</b>	<b>226,724</b>
	<b>Proposal for distribution of profit</b>				
	Interest on hybrid core capital			24,446	24,475
	Dividend for the financial year			0	52,125
	Retained earnings			204,209	150,124
	<b>Total amount distributed</b>			<b>228,655</b>	<b>226,724</b>
	<b>Earnings per share</b>				
33	Earnings per share (DKK)	11.8	11.7	11.8	11.7
33	Diluted earnings per share (DKK)	11.8	11.7	11.8	11.7

## Statement of comprehensive income

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
	<b>Profit for the year</b>	<b>228,655</b>	<b>226,724</b>	<b>228,655</b>	<b>226,724</b>
	<b>Other comprehensive income that may not be reclassified to profit or loss</b>				
	Fair value adjustment of properties	-1,479	0	-1,479	0
	Tax related to fair value adjustment of properties	4	4	4	4
	<b>Other comprehensive income that may be reclassified to profit or loss</b>				
	Fair value adjustment of financial instruments entered into to hedge future cash flows <sup>1</sup>				
	- Value adjustment for the year	-9	-81	-9	-81
	- Tax on other comprehensive income	2	18	2	18
	<b>Total other comprehensive income</b>	<b>-1,482</b>	<b>-59</b>	<b>-1,482</b>	<b>-59</b>
	<b>Total comprehensive income</b>	<b>227,173</b>	<b>226,665</b>	<b>227,173</b>	<b>226,665</b>

<sup>1</sup> The fair value adjustment concerns a jointly controlled enterprise.

# Balance sheet at 31 December

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>Assets</b>					
	Cash and balances on demand at central banks	480,569	441,069	480,569	441,069
13	Amounts owed by credit institutions and central banks	4,813,419	2,540,933	4,802,377	2,529,609
14	Loans and other amounts owed at amortised cost	11,951,447	12,217,237	12,070,441	12,305,355
15	Bonds at fair value	5,849,380	6,591,480	5,849,380	6,591,480
16	Bonds at amortised cost	300,270	0	300,270	0
17	Shares etc	566,946	693,719	566,946	693,719
18	Investments in associates	191,193	46,709	151,828	10,194
18	Investments in group enterprises	0	0	364,016	367,937
19	Assets in pooled plans	2,081,881	1,770,777	2,081,881	1,770,777
20	Intangible assets	91,251	91,323	91,251	91,323
21	Total land and buildings	437,976	473,832	153,649	188,899
	Investment property	122,048	157,465	3,070	6,258
	Owner-occupied property	315,928	316,367	150,579	182,641
22	Other property, plant and equipment	26,444	34,151	26,444	34,151
	Current tax assets	13,850	0	15,913	1,705
24	Deferred tax assets	162,982	163,753	154,016	155,070
26	Other assets	243,193	226,864	204,150	186,892
	Prepayments	55,343	66,722	56,426	66,654
	<b>Total assets</b>	<b>27,266,144</b>	<b>25,358,569</b>	<b>27,369,557</b>	<b>25,434,834</b>

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>Equity and liabilities</b>					
<b>Liabilities other than provisions</b>					
27	Amounts owed to credit institutions and central banks	558,383	525,436	557,320	524,210
28	Deposits and other debt	20,000,941	18,699,583	20,079,315	18,762,345
20	Deposits in pooled plans	2,081,881	1,770,777	2,081,881	1,770,777
29	Bonds issued at amortised cost	198,656	0	198,656	0
	Current tax liabilities	0	3,601	0	0
30	Other liabilities	321,028	339,667	370,230	379,406
	Deferred income	36,081	32,800	12,981	11,391
	<b>Total liabilities other than provisions</b>	<b>23,196,970</b>	<b>21,371,864</b>	<b>23,300,383</b>	<b>21,448,129</b>
<b>Provisions</b>					
	Provisions for losses on guarantees etc	88,769	64,795	88,769	64,795
	Other provisions	28,665	11,416	28,665	11,416
31	<b>Total provisions</b>	<b>117,434</b>	<b>76,211</b>	<b>117,434</b>	<b>76,211</b>
32	<b>Subordinated loan capital</b>	<b>569,669</b>	<b>673,141</b>	<b>569,669</b>	<b>673,141</b>
<b>Equity</b>					
33	Share capital	173,750	173,750	173,750	173,750
	Revaluation reserves	1,411	2,886	1,411	2,886
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378	561,378
	Retained earnings	2,259,670	2,113,447	2,259,670	2,113,447
	<b>Total equity exclusive of hybrid core capital</b>	<b>2,996,209</b>	<b>2,851,461</b>	<b>2,996,209</b>	<b>2,851,461</b>
	Hybrid core capital	385,862	385,892	385,862	385,892
	<b>Total equity</b>	<b>3,382,071</b>	<b>3,237,353</b>	<b>3,382,071</b>	<b>3,237,353</b>
	<b>Total equity and liabilities</b>	<b>27,266,144</b>	<b>25,358,569</b>	<b>27,369,557</b>	<b>25,434,834</b>

35 Contingent liabilities

# Statement of changes in equity

Note	Amounts in DKK'000	Group							Total equity	
		Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument <sup>1</sup>	Proposed dividend	Retained earnings	Total equity exclusive of hybrid core capital		Hybrid core capital
	<b>Equity at 1.1.2020</b>	<b>173,750</b>	<b>2,886</b>	<b>561,378</b>	<b>-240</b>	<b>52,125</b>	<b>2,061,562</b>	<b>2,851,461</b>	<b>385,892</b>	<b>3,237,353</b>
	Profit for the year	0	0	0	0	0	204,209	204,209	24,446	228,655
	<b>Other comprehensive income</b>									
	Fair value adjustment of properties	0	-1,479	0	0	0	0	-1,479	0	-1,479
	Value adjustment for the year	0	0	0	-9	0	0	-9	0	-9
	Tax on other comprehensive income	0	4	0	2	0	0	6	0	6
	<b>Total other comprehensive income</b>	<b>0</b>	<b>-1,475</b>	<b>0</b>	<b>-7</b>	<b>0</b>	<b>0</b>	<b>-1,482</b>	<b>0</b>	<b>-1,482</b>
	<b>Comprehensive income for the financial year</b>	<b>0</b>	<b>-1,475</b>	<b>0</b>	<b>-7</b>	<b>0</b>	<b>204,209</b>	<b>202,727</b>	<b>24,446</b>	<b>227,173</b>
	Purchase of treasury shares	0	0	0	0	0	-5,992	-5,992	0	-5,992
	Sale of treasury shares	0	0	0	0	0	0	0	0	0
	Dividends paid	0	0	0	0	-52,125	138	-51,987	0	-51,987
	Interest paid on hybrid core capital	0	0	0	0	0	0	0	-24,476	-24,476
	<b>Equity at 31.12.2020</b>	<b>173,750</b>	<b>1,411</b>	<b>561,378</b>	<b>-247</b>	<b>0</b>	<b>2,259,917</b>	<b>2,996,209</b>	<b>385,862</b>	<b>3,382,071</b>

1. Reserve for value adjustment of hedging instrument concerns a jointly controlled enterprise.

# Statement of changes in equity

Note	Amounts in DKK'000	Group							Total equity	
		Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument <sup>1</sup>	Proposed dividend	Retained earnings	Total equity exclusive of hybrid core capital		Hybrid core capital
	<b>Equity at 1.1.2019</b>	<b>173,750</b>	<b>2,882</b>	<b>561,378</b>	<b>-177</b>	<b>43,437</b>	<b>1,916,152</b>	<b>2,697,420</b>	<b>385,892</b>	<b>3,083,312</b>
	Profit for the year	0	0	0	0	52,125	150,124	202,249	24,475	226,724
	<b>Other comprehensive income</b>									
	Fair value adjustment of properties	0	0	0	0	0	0	0	0	0
	Value adjustment for the year	0	0	0	-81	0	0	-81	0	-81
	Tax on other comprehensive income	0	4	0	18	0	0	22	0	22
	<b>Total other comprehensive income</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>-63</b>	<b>0</b>	<b>0</b>	<b>-59</b>	<b>0</b>	<b>-59</b>
	<b>Totalindkomst for regnskabsåret</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>-63</b>	<b>52,125</b>	<b>150,124</b>	<b>202,190</b>	<b>24,475</b>	<b>226,665</b>
	Purchase of treasury shares	0	0	0	0	0	-11,325	-11,325	0	-11,325
	Sale of treasury shares	0	0	0	0	0	6,590	6,590	0	6,590
	Dividens paid	0	0	0	0	-43,437	23	-43,414	0	-43,414
	Interest paid on hybrid core capital	0	0	0	0	0	0	0	-24,475	-24,475
	<b>Equity at 31.12.2019</b>	<b>173,750</b>	<b>2,886</b>	<b>561,378</b>	<b>-240</b>	<b>52,125</b>	<b>2,061,562</b>	<b>2,851,461</b>	<b>385,892</b>	<b>3,237,353</b>

1. Reserve for value adjustment of hedging instrument concerns a jointly controlled enterprise.

# Statement of changes in equity

Note	Amounts in DKK'000	Sparekassen (Parent)							Total equity	
		Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument <sup>1</sup>	Proposed dividend	Retained earnings	Total equity exclusive of hybrid core capital		Hybrid core capital
	<b>Equity at 1.1.2020</b>	<b>173,750</b>	<b>2,886</b>	<b>561,378</b>	<b>-240</b>	<b>52,125</b>	<b>2,061,562</b>	<b>2,851,461</b>	<b>385,892</b>	<b>3,237,353</b>
	Profit for the year	0	0	0	0	0	204,209	204,209	24,446	228,655
	<b>Other comprehensive income</b>									
	Fair value adjustment of properties	0	-1,479	0	0	0	0	-1,479	0	-1,479
	Value adjustment for the year	0	0	0	-9	0	0	-9	0	-9
	Tax on other comprehensive income	0	4	0	2	0	0	6	0	6
	<b>Total other comprehensive income</b>	<b>0</b>	<b>-1,475</b>	<b>0</b>	<b>-7</b>	<b>0</b>	<b>0</b>	<b>-1,482</b>	<b>0</b>	<b>-1,482</b>
	<b>Comprehensive income for the financial year</b>	<b>0</b>	<b>-1,475</b>	<b>0</b>	<b>-7</b>	<b>0</b>	<b>204,209</b>	<b>202,727</b>	<b>24,446</b>	<b>227,173</b>
	Purchase of treasury shares	0	0	0	0	0	-5,992	-5,992	0	-5,992
	Sale of treasury shares	0	0	0	0	0	0	0	0	0
	Dividends paid	0	0	0	0	-52,125	138	-51,987	0	-51,987
	Interest paid on hybrid core capital	0	0	0	0	0	0	0	-24,476	-24,476
	<b>Equity at 31.12.2020</b>	<b>173,750</b>	<b>1,411</b>	<b>561,378</b>	<b>-247</b>	<b>0</b>	<b>2,259,917</b>	<b>2,996,209</b>	<b>385,862</b>	<b>3,382,071</b>

1. Reserve for value adjustment of hedging instrument concerns a jointly controlled enterprise.

# Statement of changes in equity

Note	Amounts in DKK'000	Sparekassen (Parent)							Total equity	
		Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument <sup>1</sup>	Proposed dividend	Retained earnings	Total equity exclusive of hybrid core capital		Hybrid core capital
	<b>Equity at 1.1.2019</b>	<b>173,750</b>	<b>2,882</b>	<b>561,378</b>	<b>-177</b>	<b>43,437</b>	<b>1,916,152</b>	<b>2,697,420</b>	<b>385,892</b>	<b>3,083,312</b>
	Profit for the year	0	0	0	0	52,125	150,124	202,249	24,475	226,724
	<b>Other comprehensive income</b>									
	Fair value adjustment of properties	0	0	0	0	0	0	0	0	0
	Fair value adjustment of financial instruments entered into to hedge future cash flows:									
	Value adjustment for the year	0	0	0	-81	0	0	-81	0	-81
	Tax on other comprehensive income	0	4	0	18	0	0	22	0	22
	<b>Total other comprehensive income</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>-63</b>	<b>0</b>	<b>0</b>	<b>-59</b>	<b>0</b>	<b>-59</b>
	<b>Comprehensive income for the financial year</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>-63</b>	<b>52,125</b>	<b>150,124</b>	<b>202,190</b>	<b>24,475</b>	<b>226,665</b>
	Purchase of treasury shares	0	0	0	0	0	-11,325	-11,325	0	-11,325
	Sale of treasury shares	0	0	0	0	0	6,590	6,590	0	6,590
	Dividens paid	0	0	0	0	-43,437	23	-43,414	0	-43,414
	Interest paid on hybrid core capital	0	0	0	0	0	0	0	-24,475	-24,475
	<b>Equity at 31.12.2019</b>	<b>173,750</b>	<b>2,886</b>	<b>561,378</b>	<b>-240</b>	<b>52,125</b>	<b>2,061,562</b>	<b>2,851,461</b>	<b>385,892</b>	<b>3,237,353</b>

<sup>1</sup> Reserve for value adjustment of hedging instrument concerns a jointly controlled enterprise.

# Cash flow statement

Note	Group	
	Amounts in DKK'000	
	2020	2019
<b>Comprehensive income for the year</b>	<b>227,173</b>	<b>226,665</b>
<b>Adjustment for amounts without cash flow effect</b>		
Market value adjustment, shares	-46,087	-39,201
Market value adjustment, bonds	31,434	54,630
Impairment losses on loans and advances etc	160,927	16,930
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	35,082	61,214
Prepayments (net)	2,141	-797
Provisions	41,223	4,603
Value adjustment of property	22,342	10,335
Deferred income tax	13,225	24,618
<b>Adjustment for amounts with cash flow effect</b>		
Income tax paid	-29,963	6,572
<b>Cash flows from ordinary operating activities</b>	<b>457,497</b>	<b>365,569</b>
<b>Working capital changes</b>		
Credit institutions	32,947	100,245
Loans and advances adjusted for impairment losses etc for the year	102,722	-60,764
Other assets and liabilities (net)	-31,057	-10,527
Shares etc	172,860	146,789
Bonds at fair value	710,666	-25,227
Bonds at amortised cost	-300,270	0
Deposits and other debt	1,301,358	476,634
<b>Total working capital changes</b>	<b>1,989,226</b>	<b>627,150</b>
<b>Cash flows from operating activities</b>	<b>2,446,723</b>	<b>992,719</b>

Note	Group	
	Amounts in DKK'000	
	2020	2019
<b>Investing activities</b>		
Additions, investments in associate	-114,117	25,000
Purchase of intangible assets	-11,981	-7,538
Sale of intangible assets	0	249
Purchase of property, plant and equipment	-93,700	-102,311
Sale of property, plant and equipment	72,516	105,779
<b>Cash flows from investing activities</b>	<b>-147,282</b>	<b>21,179</b>
<b>Financing activities</b>		
Bonds issued	200,000	0
Subordinated loan capital	-105,000	220,000
Treasury shares etc	-5,992	-4,735
Interest paid on hybrid core capital	-24,476	-24,475
Dividends paid	-51,987	-43,414
<b>Cash flows from financing activities</b>	<b>12,545</b>	<b>147,376</b>
<b>Increase/decrease in cash</b>	<b>2,311,986</b>	<b>1,161,274</b>
Cash and cash equivalents at beginning of year	2,982,002	1,820,728
<b>Cash and cash equivalents at end of year</b>	<b>5,293,988</b>	<b>2,982,002</b>
<b>Cash and cash equivalents</b>		
Cash and balances on demand at central banks	480,569	441,069
Amounts owed by credit institutions and central banks	4,813,419	2,540,933
<b>Cash and cash equivalents at end of year</b>	<b>5,293,988</b>	<b>2,982,002</b>



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# Notes

Note	Amounts in DKK'm	Group				
		2020	2019	2018	2017	2016
<b>1</b>	<b>Five-year financial highlights</b>					
	<b>Principal items of income statement</b>					
	Net interest income	557	565	541	542	551
	Net interest and fee income	1,149	1,113	1,005	999	973
	Market value adjustments	16	-44	21	43	47
	Staff costs and administrative expenses	729	726	746	691	644
	Amortisation, depreciation and impairment losses on assets	66	85	49	59	52
	Impairment losses on loans and advances etc	161	17	4	33	107
	Profit/loss on investments in associates and group enterprises	35	2	8	3	2
	Income tax	13	25	22	16	12
	Profit for the year	229	227	208	257	216
	<b>Principal items of balance sheet</b>					
	Loans and advances	11,951	12,217	12,174	11,681	10,474
	Securities portfolio	6,717	7,285	7,422	5,593	6,124
	Deposits including pooled deposits	22,083	20,470	19,536	17,495	16,041
	Equity	3,382	3,237	3,083	2,812	2,588
	Total assets	27,266	25,359	23,857	21,487	19,859
	Subordinated loan capital	570	673	454	403	466

Note		Group				
		2020	2019	2018	2017	2016
<b>1</b>	<b>Financial ratios</b>					
	Capital ratio	21.8	20.1	17.7	16.3	15.6
	Core capital ratio	18.4	16.2	15.1	14.0	12.9
	Return on equity before tax <sup>5</sup>	7.3	8.0	8.0	10.1	9.0
	Return on equity after tax <sup>5</sup>	6.9	7.2	7.2	9.5	8.5
	Income/cost ratio DKK	1.25	1.30	1.28	1.34	1.28
	Interest rate risk relative to core capital net of deductions	0.1	0.2	-1.0	1.1	-0.2
	Currency position relative to core capital net of deductions	1.3	0.6	0.7	0.7	0.2
	Currency risk relative to core capital net of deductions	0.0	0.0	0.0	0.0	0.0
	Loans and advances plus loan impairment losses relative to deposits	57.0	62.9	67.5	72.2	71.7
	Loans and advances relative to equity	3.5	3.8	3.9	4.2	4.0
	Growth in loans and advances for the year <sup>5</sup>	-2.2	0.4	5.5	11.5	7.3
	Excess cover relative to statutory liquidity requirements <sup>4</sup>	416	335	278	263	200
	Total large exposures relative to capital resources	67.7	76.5	96.1	125.4	
	Impairment ratio for the year	0.7	0.1	0.0	0.2	0.7
	Accumulated impairment ratio <sup>1</sup>	3.6	3.7	5.8	5.6	6.8
	Return on invested capital <sup>5</sup>	0.9	0.9	0.9	1.2	1.1
	Earnings per share (DKK) <sup>3</sup>	11.8	11.7	9.3	15.3	12.1
	Book value per share (DKK) <sup>2</sup>	173.8	164.7	155.3	170.9	159.1
	Dividend per share (DKK)	0.0	3.0	2.5	0.0	3.1
	Price/earnings per share <sup>3</sup>	7.6	7.7	8.7	7.4	8.7
	Price/equity per share <sup>2</sup>	0.5	0.5	0.5	0.7	0.7

Financial and operating data and key ratios have been prepared in accordance with the requirements of the Executive Order on Financial Reports. Financial ratios for 2020 and comparative figures for 2019-2016 are presented in accordance with international Financial Reporting Standards (IFRS).

1. The ratio does not include discount. Refer to note 11 for a specification of total impairment losses and provisions.
2. Calculated based on the number of shares outstanding at the end of the year.
3. Calculated based on the average number of shares during the year.
4. In 2018, the ratio has been calculated based on the opening balance sheet following the implementation of IFRS 9.
5. New benchmark in affect from 2018. The benchmark has not been calculated for 2016

# Notes

## Sparekassen (Parent)

Note	Amounts in DKK'm	2020	2019	2018	2017	2016
<b>1</b>	<b>Five-year financial highlights (continued)</b>					
	<b>Principal items of income statement</b>					
	Net interest income	532	540	517	516	521
	Net interest and fee income	1,125	1,089	981	973	943
	Market value adjustments	25	-28	27	57	69
	Staff costs and administrative expenses	708	708	745	693	641
	Amortisation, depreciation and impairment losses on assets	68	98	43	40	45
	Impairment losses on loans and advances etc	163	28	5	32	112
	Profit/loss on investments in associates and group enterprises	34	20	18	-2	-20
	Income tax	10	18	18	14	-17
	Profit for the year	229	227	208	257	216
	<b>Principal items of balance sheet</b>					
	Loans and advances	12,070	12,305	12,240	11,671	10,429
	Securities portfolio	6,717	7,285	7,422	5,594	6,124
	Deposits including pooled deposits	22,161	20,533	19,549	17,497	16,053
	Equity	3,382	3,237	3,083	2,812	2,588
	Total assets	27,370	25,435	23,818	21,443	19,845
	Subordinated loan capital	570	673	454	403	466

## Sparekassen (Parent)

Note	2020	2019	2018	2017	2016	
<b>1</b>	<b>Financial ratios</b>					
	Capital ratio	21.7	19.9	17.7	16.4	15.6
	Core capital ratio	18.4	16.1	15.2	14.1	13.0
	Return on equity before tax <sup>5</sup>	7.2	7.7	7.8	10.0	7.9
	Return on equity after tax <sup>5</sup>	6.9	7.2	7.2	9.5	8.5
	Operating income over operating expenses	1.25	1.29	1.28	1.35	1.25
	Interest rate risk relative to core capital net of deductions	-0.1	0.0	-1.2	0.8	-0.6
	Currency position relative to core capital net of deductions	1.3	0.6	0.7	0.7	0.2
	Currency risk relative to core capital net of deductions	0.0	0.0	0.0	0.0	0.0
	Loans and advances plus loan impairment losses relative to deposits	57.2	63.0	67.6	71.9	71.1
	Loans and advances relative to equity	3.6	3.8	4.0	4.2	4.1
	Growth in loans and advances for the year <sup>5</sup>	-1.9	0.5	6.1	11.9	7.9
	Excess cover relative to statutory liquidity requirements <sup>4</sup>	416	335	278	263	200
	Total large exposures relative to capital resources	67.4	76.2	95.5	124.3	
	Impairment ratio for the year	0.7	0.1	0.0	0.2	0.7
	Accumulated impairment ratio <sup>1</sup>	3.5	3.5	5.6	5.4	6.5
	Return on invested capital <sup>5</sup>	0.9	0.9	0.9	1.2	1.1
	Earnings per share (DKK) <sup>3</sup>	11.8	11.7	9.3	15.3	12.1
	Book value per share (DKK) <sup>2</sup>	173.8	164.7	155.3	170.9	159.1
	Dividend per share (DKK)	0.0	3.0	2.5	0.0	3.1
	Price/earnings per share <sup>3</sup>	7.6	7.7	8.7	7.4	8.7
	Price/equity per share <sup>2</sup>	0.5	0.5	0.5	0.7	0.7

Financial and operating data and key ratios have been prepared in accordance with the requirements of the Executive Order on Financial Reports.

1. The ratio does not include discount. Refer to note 11 for a specification of total impairment losses and provisions.
2. Calculated based on the number of shares outstanding at the end of the year.
3. Calculated based on the average number of shares during the year.
4. In 2018, the ratio has been calculated based on the opening balance sheet following the implementation of IFRS 9.
5. New benchmark in affect from 2018. The benchmark has not been calculated for 2016

# Notes

## 2 Summary of significant accounting policies

The consolidated financial statements of Sparekassen Sjælland-Fyn A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The parent financial statements have been prepared in accordance with the Danish Financial Business Act, including the Executive Order on Financial Reports for Credit Institutions and Investment Firms etc (the Executive Order on Financial Reports), and guidelines issued by the Danish FSA. Furthermore, the Annual Report has been prepared in accordance with Danish disclosure requirements for annual reports of listed financial companies.

The Annual Report is presented in Danish kroner (DKK), which is the presentation currency of the Group's activities and the functional currency of the Parent, and rounded to the nearest thousand.

Significant judgements, assumptions and key sources of estimation uncertainty related to the preparation of the financial statements are evident from note 3 to the consolidated financial statements. To enhance transparency and reduce the number of note disclosures where both amounts and qualitative information are considered insignificant to users, some information has been left out.

### Accounting policy changes

Accounting policies applied to the consolidated financial statements and the parent financial statements are consistent with those applied in prior years.

### Standards or Interpretations not yet in force

At financial year-end, a number of new or revised Standards or Interpretations exist that have yet to come into force or be adopted for use in the EU. Sparekassen does not expect to implement these new Standards and Interpretations until they become com-

pulsory. None of the new Standards or Interpretations are expected to have a major effect on the Group's financial reporting.

### Consolidated financial statements

The consolidated financial statements comprise Sparekassen Sjælland-Fyn A/S and subsidiaries in which Sparekassen has control over financial and operating decisions. Sparekassen is deemed to have control when it has control over the relevant activities of the entity in question, has exposure, or rights, to variable returns from its involvement with the investee, and has the ability to use its control over the investee to affect the amount of variable returns.

Refer to note 18 to the consolidated financial statements for investments in group enterprises

The consolidated financial statements combine the financial statements of the Parent and the individual subsidiaries, which have all been prepared applying group accounting policies, and intra-group income and expenses, shareholdings, intra-group accounts and dividends as well as realised and unrealised profits on transactions between the consolidated enterprises have been eliminated.

Jointly controlled enterprises are recognised in the line item "Associates" applying the equity method.

### Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the date of acquisition or establishment of such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied in the acquisition of new enterprises, under which identifiable assets and liabilities of these newly acquired enterprises are measured at fair value at the acquisition date. Allowance is made for the tax effect of the restatements made.

Positive differences (goodwill) between cost of the investment acquired and the fair value of the assets and liabilities acquired are recognised in intangible assets and written down in case of impairment. Negative differences (negative goodwill) are recognised as income in the income statement.

Profits or losses from divestment or winding-up of subsidiaries and associates are calculated as the difference between, on the one hand, the fair value of the sales proceeds or the settlement price and the fair value of any remaining investments and, on the other hand, the carrying amount of net assets at the time of divestment or winding-up, including goodwill. The calculated profit or loss is recognised in the income statement together with accumulated foreign currency translation adjustments, which were previously recognised in other comprehensive income.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to Sparekassen, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when Sparekassen has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of Sparekassen, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at fair value. However, intangible assets and property, plant and equipment are measured at cost at the time of initial recognition. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Financial instruments which, subsequent to initial recognition are measured at amortised cost, are on initial recognition measured at fair value plus any transaction costs directly related to the acquisition or issuance of the financial instrument and net of fees and commissions received that form an integral part of the effective interest rate.

Anticipated risks and losses that arise before the time of presentation of the financial statements and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to the financial year. However, increases in the value of owner-occupied property are recognised directly in other comprehensive income.

The purchase and sale of financial instruments are recognised on the settlement date, and such recognition ceases when the right to have cash inflow and outflow from the financial asset or liability has expired, or if such right has been transferred, and the institution has transferred substantially all risks and rewards of ownership.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transac-

# Notes

## 2 Summary of significant accounting policies (continued)

tion date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the closing exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the balance sheet date, are recognised in the income statement as translation adjustments.

### Interest, fees and commission

Interest income, interest expenses and current commissions are recognised in the income statement in the period to which they relate. Commissions and fees that are an integral part of the effective interest rate on a lending or borrowing arrangement are recognised as part of amortised cost and therefore as an integral part of the financial instrument in interest income or interest expenses.

Commissions and fees which are part of a current payment are accrued over the term of the loan or advance. Other fees (such as custody fees) are recognised in the income statement at the date of transaction.

Consideration for provision of mortgage loans for Totalkredit is recognised based on the set-off model. Under the set-off model, the consideration is recognised at the time of establishing the loan, and the consideration for current servicing of the borrower is recognised when the institution performs the servicing, and accordingly obtains the right to the consideration.

Totalkredit may set off realised losses against the future current commission income in the first eight years of the mortgage loan only. Set-off is recognised at the time of the loss event.

### Staff costs and administrative expenses

Staff costs comprise salaries and wages, social security costs, pension contributions, etc. Costs for payments and benefits for employees, including anniversary bonuses and severance payments, are recognised concurrently with the employees' performance of such work entitling them to receive the payments and benefits concerned.

### Other operating income

Other operating income comprises income of a nature secondary to Sparekassen's activities.

### Other operating expenses

Other operating expenses comprise expenses of a nature secondary to the institution's activities, including contributions to sector solutions.

### Income tax

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in profit or loss by the portion attributable to the profit/loss for the year, and in other comprehensive income or directly in equity by the portion attributable to entries in other comprehensive income or directly in equity.

The current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

When computing the current tax for the year, the tax rates and tax rules in effect at the balance sheet date are used.

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities. Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in

the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets against future positive taxable income. At every balance sheet date, it is assessed whether sufficient taxable income is likely to arise in the future for the deferred tax asset to be used.

Sparekassen is jointly taxed with all Danish subsidiaries and serves as the administration company in the joint taxation arrangement. The current income tax is allocated among the jointly taxed Danish enterprises proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Cash and demand deposits with central banks

Cash and demand balances with central banks are measured at fair value on initial recognition and subsequently measured at amortised cost.

### Amounts owed by credit institutions and central banks

Amounts owed by credit institutions and central banks comprise amounts owed by other credit institutions and time deposits with central banks.

On initial recognition, such amounts are measured at fair value net of front-end fees etc. Subsequently, amounts owed are measured at amortised cost less any write-down for incurred, but not yet realised losses.

### Loans and other amounts owed at amortised cost

This item consists of loans which have been paid directly to the borrower.

### Classification and measurement

KFinancial assets are classified and measured using the business model for the financial assets and the contractual cash flows related to such financial assets.

Consequently, financial assets must be divided into one of the following three categories:

- Financial assets held to generate contractual payments, and where such contractual payments are solely composed of interest and repayments on the amounts outstanding, are measured at amortised cost after the time of initial recognition.
- Financial assets held in a mixed business model in which some financial assets are held to generate the contractual payments and other financial assets are sold, and in which the contractual payments related to the financial assets in the mixed business model are solely composed of interest and repayments on the amounts outstanding, are measured at fair value through other comprehensive income after the time of initial recognition.
- Financial assets that do not qualify as a business model or whose contractual payments are not solely composed of interest and repayments on the amounts outstanding, are measured at fair value through profit or loss after the time of initial recognition.

Sparekassen does not have financial assets subject to the measurement category involving recognition of financial assets at fair value through other comprehensive income. Instead, Sparekassen's portfolio of bonds is measured at fair value through profit or loss, either because such bonds are held for trading or because they are subject to a risk management system or an investment strategy that is based on fair values and are hence included in its management reporting.

### Impairment model for expected credit losses

All financial assets measured at amortised cost are

# Notes

## 2 Summary of significant accounting policies (continued)

written down for expected credit losses, and similarly provisions are made for expected credit losses on undrawn credit lines, committed facilities and guarantees.

For financial assets recognised at amortised cost, write-downs for expected credit losses are recognised in profit or loss and reduces the value of the asset in the balance sheet. Provisions for losses on undrawn credit lines, committed facilities and guarantees are recognised as a liability.

The impairment model is based on a calculation of expected losses, where loans and advances have been divided into three stages, depending on the credit impairment of each loan or advance relative to initial recognition:

1. Loans and advances without any significant increase in credit risk
2. Loans and advances with a significant increase in credit risk
3. Credit-impaired loans and advances.

Stage 1 loans and advances are written down for expected losses in the next 12 months whereas Stage 2 and Stage 3 loans and advances are written down for expected losses over their expected time to maturity. Unlike in Stage 1 and Stage 2, Stage 3 interest income is based solely on the written-down value of the asset.

On initial recognition, each loan or advance is categorised as Stage 1, involving a write-down for expected losses over a 12-month period.

The expected loss is calculated as a function of the probability of objective evidence of impairment (OEI), exposure at default (EAD) and loss given default (LGD) which incorporates forward-looking information

representing Management's expectations for future developments.

Staging and calculation of expected losses are based on Sparekassen's rating models that are developed and updated by the data centre Bankdata, and on Sparekassen's internal credit management. In the assessment of credit risk development, a significant increase in credit risk will be assumed to have occurred since initial recognition if Sparekassen's internal rating of a debtor has been lowered equivalent to one rating class in the Danish FSA's guideline rating classification and if arrears exceed 30 days.

If the credit risk of the financial asset is considered low at the balance sheet date, then the asset will remain in Stage 1, which is characterised by the absence of a significant increase in credit risk. Sparekassen considers credit risk low when its internal rating of a customer is equivalent to a class 2a rating (normal credit quality) or higher.

### Definition of default and credit-impaired

#### Default

Determining when a borrower has defaulted on their obligations is decisive in calculating the expected credit loss. Sparekassen considers a borrower to have defaulted on their obligations if:

- The borrower is in arrears with major parts of their obligations for more than 90 days; or
- Sparekassen considers it most likely that the exposure will result in a loss and/or forced realisation of collateral for Sparekassen or other creditors.

The definitions of default used by Sparekassen in measuring expected credit losses are consistent with

those used for internal risk management purposes, and they have been adapted to the Capital Requirements Directive's definition of default. For instance, customers are considered to have defaulted on their obligations in the event of bankruptcy, suspension of payment, debt relief, indications of current or expected future challenges in balancing income and expenses, etc.

#### Credit-impaired (Stage 3)

An exposure may be credit-impaired (Stage 3) if one or more of the following objective indications of credit impairment have occurred:

- Sparekassen estimates that the borrower will not be able to honour their obligations as agreed.
- The borrower is in serious financial difficulties, the borrower is in breach of contract, Sparekassen has eased the borrower's terms and conditions because of the borrower's financial difficulties, or it is probable that the borrower will go bankrupt or become subject to other financial reconstruction.
- The exposure has been in arrears/overdraft for more than 90 days by an amount considered significant.

Borrowers who have accepted Sparekassen's offer of respite or an emergency loan in connection with COVID-19, have been treated according to the above rules. In determining whether the terms have been eased, it has been considered whether the borrower has a high credit quality level. If this was the case before the outbreak of COVID-19, then respite or an emergency loan does not necessarily constitute an easing of the terms. This depends on an individual assessment of the loan application.

When implementing new guidelines in applying the definition of default pursuant to Article 178 of the Capital Requirements Directive (EBA/GL/2016/07), which is effective from 1 January 2021, Sparekassen will try to align the entry criteria for default, stage 3 and non-performing exposures. Each concept is subject to a different quarantine period, for which reason the exit criteria will vary.

Impairment losses on Stage 1 and Stage 2 exposures, except for the largest exposures along with the weakest exposures in Stage 2, are calculated using a portfolio model calculation whereas the write-down of the rest of the exposures is made from a manual, individual assessment that is based on three scenarios (basic scenario, a more positive scenario, and a more negative scenario) with the underlying probability of the scenarios occurring.

The portfolio model calculation determines the expected loss as a function of the probability of objective evidence of impairment (OEI), exposure at default (EAD) and loss given default (LGD) based on a model that is developed and updated by Sparekassen's IT centre, supplemented with a forward-looking macroeconomic module that is developed and updated by the industry association Lokale Pengeinstitutter (LOPI).

The macroeconomic module builds on a series of regression models that determine the historical link between impairment losses for the year in a number of sectors and industries and a number of explanatory macroeconomic variables. Then the regression models are provided with estimates of the macroeconomic variables based on prognoses from consistent sources such as the Danish Economic Councils, Danmarks Nationalbank, etc, where such prognoses generally span two years ahead and cover variables such as increase

# Notes

## 2 Summary of significant accounting policies (continued)

in public spending, increase in GDP, interest rates, etc. Thereby, expected impairment losses are calculated for up to two years ahead in time within each sector and industry whereas, for maturity periods of more than two years, a straight-line interpolation is made in normal circumstances between the impairment ratio for year 2 and that for year 10, when, in model terms, long-term equilibrium is assumed to occur in the form of a normal level. Maturity periods of more than 10 years are given the same impairment ratio as the long-term equilibrium in year ten. Finally, the calculated impairment ratios are transformed into adjustment factors that correct the data centre's estimates for each sector and industry.

Sparekassen uses the transitional scheme under the Capital Requirements Directive (CRD) to the effect that any negative impact on the allowance account upon transition to the IFRS 9 impairment provisions will not feed through in full on capital resources until after five years (after 2022) with respect to the static element. In response to the COVID-19 pandemic, the calculation of the dynamic element of the transitional scheme was reintroduced in 2020 with a new five-year phase-in period. The calculation method has been altered as well so as to capture the effect of the COVID-19 pandemic on Stage 1 and Stage 2 impairment losses.

### Practice for derecognising financial assets from the balance sheet

Financial assets measured at amortised cost will be derecognised in whole or in part from the balance sheet if Sparekassen no longer has any reasonable expectation of having the amount outstanding covered in whole or in part. At the same time, impairment losses are excluded from the calculation of accumulated impairment losses. Refer to note 11 for a more detailed description.

### Leasing

Leased assets under finance leases under which the Group serves as the lessor, are recognised in loans and advances at the net amount invested in the lease net of amortisation (repayment), which is calculated applying the annuity principle over the lease term. Income from leased assets is recognised based on the effective interest rate arranged in the lease and in interest income in profit or loss. Gains or losses from the sale of leased assets are recognised in "Other operating income" and "Other operating expenses", respectively.

All leases (except for leases of short duration), under which the Group is a lessee, are recognised in the balance sheet as a right of use and a lease commitment that is measured at present value of minimum lease payments over the lease term. Subsequently, the right of use is amortised consistently with other non-current assets, typically on a straight-line basis over the lease term, and interest is charged on the lease liability.

Moreover, Sparekassen has set up the following assumptions:

- Minor assets are recognised.
- The borrowing rate used for discounting is used at portfolio level

Derivatives and unsettled spot transactions

Derivatives are measured at fair value which is normally based on listed market prices. If the instruments are unlisted, the fair value is calculated in accordance with generally accepted principles based on market-based parameters. Derivatives are recognised in other assets and other liabilities, respectively.

Changes in the fair value of derivatives are recognised in the income statement.

### Hedge accounting

Value adjustments of financial instruments effectively hedging fluctuations in payments of interest on Sparekassen's funding, are accounted for as a cash flow hedge and recognised in other comprehensive income.

Changes in the fair value of derivatives classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are taken to profit or loss together with changes in the value of the hedged asset or the hedged liability.

### Bonds at fair value

Bonds traded on active markets are measured at fair value. The fair value is calculated on the basis of the closing price on the market in question at the balance sheet date.

### Bonds at amortised cost

Bonds at amortised cost comprise investments with a quoted price in an active market. Initially, they are measured at fair value equivalent to the consideration paid plus directly attributable transaction costs and subsequently at amortised cost.

Any write-down for impairment is made in the same manner as for loans and advances at amortised cost. If such write-down for impairment cannot be measured reliably, fair value is used in the form of an observable market price.

### Shares etc

Shares are measured at fair value. The fair value of

shares traded on active markets is calculated on the basis of the closing price at the balance sheet date. The fair value of unlisted shares and illiquid shares is based on available information on transactions etc or, alternatively, calculations of net present value.

### Investments in group enterprises

Investments in group enterprises are recognised and measured at equity value in the Parent in accordance with the Executive Order on Financial Reports. Shares of net profit or loss of group enterprises are recognised in the income statement in "Profit/loss on investments in group enterprises".

Shares of changes in equity of group enterprises are recognised directly in equity.

### Investments in associates and jointly controlled enterprises in the Group and the Parent

Investments in associates and jointly controlled enterprises are recognised and measured using the equity method, which entails that such investments are measured at the proportionate share of the equity value of the enterprises, calculated in accordance with group accounting policies.

The proportionate share of the enterprise's profit or loss after tax and elimination of a proportionate share of unrealised intra-group profits or losses and less any impairment losses on goodwill is recognised in profit or loss. The proportionate share of all transactions and events recognised in other comprehensive income in the associate is recognised in the Group's other comprehensive income.

Investments in associates and jointly controlled enterprises with a negative equity value are measured at zero value. Receivables and other non-current

# Notes

## 2 Summary of significant accounting policies (continued)

financial assets that are considered part of the overall investment in the associate are written down by any remaining negative equity value. Trade receivables and other receivables from associates are written down only if they are deemed irrecoverable.

Provisions for the remaining negative equity are only recognised if the Group has a legal or constructive obligation to cover the relevant enterprise's liabilities.

The purchase method is used in the acquisition of investments in associates and jointly controlled enterprises.

### Assets in pooled plans

Assets earmarked for customer savings in pooled plans are measured at fair value and recognised in pooled plans. Customers' contributions to pooled plans are recognised in deposits in pooled plans. These deposits are measured at the value of the contributions, equivalent to fair value of the assets.

Returns (interest income and fair value adjustments) on assets in pooled plans and the crediting thereof to customer accounts are recognised in separate items in market value adjustments. Consequently, the Group's and Sparekassen's results are not affected by the returns in the pooled plans.

### Intangible assets

#### Goodwill

Goodwill acquired is recognised at cost and subsequently measured at cost net of accumulated impairment losses, as described in "Impairment test".

### Customer relationships

Customer relationships acquired in business combinations are recognised at cost and amortised on a

straight-line basis over their expected useful economic life, which does not exceed ten years. The useful economic life relies on customer loyalty. Useful life is reassessed annually.

Prospectively, changes in amortisation due to changes in useful economic life are recognised as a change in accounting estimates.

### Other intangible assets

Software acquired is recognised at cost and amortised on a straight-line basis over its expected useful life which does not exceed five years.

### Impairment test

The carrying amount of intangible assets is regularly reviewed and written down through profit or loss if the carrying amount exceeds the estimated future net income from the enterprise or the asset.

Acquisitions of short-lived intangible assets are recognised directly in profit or loss in the line item "Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment".

### Investment property

Investment properties are properties which are owned to obtain rental income and/or capital gains.

After initial recognition, investment properties are measured at fair value. Changes in fair value of investment properties are recognised in the income statement in the line item "Translation and market value adjustments".

### Owner-occupied property

Owner-occupied properties are properties which the

institution itself uses for administration, branches or other services. After initial recognition, owner-occupied properties are measured at revalued amount. Revaluation is made so often that no significant differences occur in relation to the fair value. The fair value of the property is revalued annually based on value in use calculations for expected future cash flows.

Increases in the revalued amount of owner-occupied property are recognised in other comprehensive income and allocated to revaluation reserves in equity. Any decrease in value is recognised in the income statement unless it is a case of reversal of previously performed revaluations. Depreciation is calculated based on the revalued amount.

Owner-occupied properties are depreciated on a straight-line basis over a period of 50 years. The expected scrap value of such properties is not depreciated.

### Other property, plant and equipment

On initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Straight-line depreciation is made on the basis of the following estimated useful lives of the other assets:

IT equipment and machinery	3-5 years
Tools and equipment	3-5 years
Motor vehicles	3-5 years
Leasehold improvements	5-10 years

### Temporarily held assets

Temporarily held assets comprise property, plant and equipment acquired in connection with non-performing loans or advances. The assets are measured

at the lower of carrying amount and fair value net of costs of sale. The assets are only held temporarily by Sparekassen, and sale is considered probable within the foreseeable future. Temporarily held assets are not depreciated. Assets and related liabilities are recognised in separate line items in the balance sheet.

Any value adjustment of temporarily held assets is recognised in the income statement in impairment losses on loans and advances and other amounts owed.

### Other assets

Other assets include other assets not included in other asset items. The line item includes positive market values of derivatives and income not falling due for payment until after the end of the financial year, including interest and dividends receivable. Except for derivatives having a positive value at the balance sheet date and being measured at fair value, the line item is measured at cost on initial recognition and subsequently at amortised cost.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Amounts owed to credit institutions and central banks

On initial recognition, amounts owed to credit institutions and central banks are recognised at fair value net of transaction costs and subsequently at amortised cost.

### Deposits and other debt

Deposits and other debt comprise deposits with counterparties that are not credit institutions or central banks. On initial recognition, deposits and other debt



# Notes

## 2 Summary of significant accounting policies (continued)

are measured at fair value net of transaction costs and subsequently at amortised cost.

### Bonds issued

Issued bonds are measured at amortised cost. Own portfolio of own issued bonds is set off.

### Other liabilities

Other liabilities include other liabilities not attributable to other liability items. The line item includes negative market value of derivatives and expenses not falling due for payment until after the end of the financial year, including interest payable. Except for derivatives having a negative value at the balance sheet date and being measured at fair value, the line item is measured at cost on initial recognition and subsequently at amortised cost.

### Deferred income

Deferred income comprises income received before the balance sheet date but which relates to a subsequent financial period, including interest and commission received in advance. Deferred income is measured at cost.

### Subordinated loan capital

At the time of borrowing, subordinated loan capital is measured at the proceeds received net of front-end fees etc. After initial recognition, measurement is effected at amortised cost to the effect that the difference between net proceeds and nominal value is recognised in interest expenses over the expected term of the subordinated loan capital.

### Other financial liabilities

Other financial liabilities are measured at amortised cost which usually corresponds to nominal value.

### Provisions

Liabilities, guarantees and other liabilities, which are uncertain in terms of amount or time of settlement, are recognised as provisions when it is probable that the liability will lead to an outflow of Sparekassen's financial resources, and the liability can be measured reliably. The liability is stated at present value of the costs that are necessary to meet the obligation.

### Equity

#### *Dividend proposed*

Dividend proposed by the Board of Directors for adoption by the general meeting is presented as a separate line item in equity. Dividend is recognised as a liability once the general meeting has adopted payment of dividend.

#### *Treasury shares*

Acquisition and selling prices and dividend on treasury shares are recognised directly in retained earnings in equity.

#### *Hybrid core capital*

Hybrid core capital with an indefinite term to maturity and for which Sparekassen has an unconditional right to omit payment of interest is classified as equity, and payments of interest are recognised directly in equity at the time of payment as distribution.

#### *Undistributable savings bank reserve*

This reserve was established as part of Sparekassen's conversion into a public limited company. The undistributable savings bank reserve is equivalent to the guarantee savings bank's undistributable reserve net of contributions made in connection with the formation of the foundation, Fonden for Sparekassen Sjælland.

The undistributable savings bank reserve may be used to cover losses that are not covered by amounts eligible for distribution as dividend in the public limited company.

Pursuant to section 213 of the Danish Financial Business Act, a portion of profits of Sparekassen Sjælland-Fyn A/S must annually be allocated to this savings bank reserve. However, such allocation may not exceed a reference rate set by the Danish FSA. For 2020, this rate was set at 0%.

### Cash flow statement

The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as Sparekassen's cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are calculated as the operating profit or loss adjusted for non-cash operating items, working capital changes and corporate income taxes paid. Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities, and acquisition, development, improvement and sale, etc. of intangible assets and property, plant and equipment. Cash flows from financing activities comprise changes in Sparekassen's share capital, subordinated loan capital and related expenses, and dividend.

Cash and cash equivalents comprise cash and balances on demand at central banks, receivables from credit institutions with original maturity periods of up to three months, and securities with an original term to maturity of up to three months which may readily be converted into cash and which are only subject to insignificant risks of price changes.

### Segment reporting

The Group and Sparekassen only have one operating segment, for which reason no segment information is provided.

### Financial highlights

Financial and operating data and key ratios have been prepared in accordance with the requirements of the Executive Order on Financial Reports.

Financial ratios for the Group for 2020 and comparative figures for 2019-2016 are presented in accordance with International Financial Reporting Standards (IFRS).

Comparative figures have not been restated to reflect the change in accounting policies from 1 January 2018 resulting from the implementation of IFRS 9, unless specifically stated.

Comparative figures for share-based ratios have been multiplied by an adjustment factor because of the share issue in 2018.

When implementing IFRS 16 in 2019, the comparative figures were not restated.

# Notes

## 3. Significant judgements and estimates, assumptions and uncertainties

The financial statements are prepared based on specific assumptions which involve the use of judgements and estimates. These judgements and estimates are made by Management in accordance with the accounting policies and based on historical experience, and on assumptions which Management considers reasonable and realistic. The assumptions may be incomplete, and unexpected future events or circumstances may occur, and other parties may arrive at different estimates. The areas involving a higher level of judgement or complexity or areas in which assumptions and estimates are material to the financial statements, are disclosed below.

In preparing the financial statements, Management makes a number of accounting judgments which form the basis of presentation, recognition and measurement of the institution's assets and liabilities. The financial statements have been presented applying the principle of going concern based on current practice and interpretation of the rules governing Danish credit institutions. Key management judgements in recognising and measuring these assets and liabilities, and the key source of estimation uncertainty related to the preparation of the 2020 Annual Report, are:

- Impairment losses on financial assets carried at amortised cost
- Investment property and owner-occupied property
- Fair value of financial instruments
- Goodwill
- Deferred tax assets.

### *Impairment losses on financial assets carried at amortised cost*

Write-down for impairment of financial assets and provisions for undrawn credit lines, committed facilities and guarantees have been made in accordance with the accounting policies and are based on a number of assumptions. If these assumptions are changed, this may affect the presentation of financial statements, and the effect may be material.

Key accounting judgements are made for impaired loans and advances the valuation of which is based on the most likely outcome of cash flows, including realisable value of collateral. Any subsequent variation in realised cash flows or collateral will cause a change in the valuation of loans and advances etc. It may therefore be necessary to change previous estimates based on new information, additional experience or subsequent events.

For provisions for losses on guarantees, undrawn credit lines and committed facilities, uncertainty is also inherent in determining to what extent the guarantee will be effective and payment is to be made for the guarantee provided.

The value of mortgaged properties is determined based on a specific assessment of the required rate of return on each property less a prudence-based provision for costs and uncertainty. Considerable geographical differences exist with respect to the required rates of return, for which reason pricing is regularly aligned with the professional market.

However, this does not rule out that a need may arise in future for further write-down for impairment, for

example, on Sparekassen's property exposures, including mortgages.

The portfolio model calculation is made in a set-up developed and updated by Sparekassen's data centre. The model is based on Sparekassen's rating of the customers and an assessment of the risk involved in each rating class.

Determining the probability of objective evidence of impairment (OEI) and loss given default (LGD), which are key parameters in the model calculation, is subject to some degree of uncertainty and estimation.

The calculation is supplemented with a forward-looking macroeconomic module that is developed and updated by the industry association Lokale Pengeinstitutter (LOPI).

However, the outbreak of the COVID-19 pandemic has led to expectations that GDP will see a marked drop in 2020, followed by an almost similar increase in 2021. This "V scenario" entails that a linear adjustment to the long-term equilibrium over a ten-year period would overestimate a more likely development in the macroeconomic variables because, in such situation, the macroeconomic module would assume relatively high growth in both GDP and public spending throughout the ten-year projection period. Therefore, the method used to adjust to the long-term equilibrium has been changed in the financial year under review for both GDP and public spending to the effect that both variables hit their long-term equilibrium point already in 2022.

This calculation serves as a basis for the incorporation of Management's expectations for the future. Besides

the model-generated impairment charges, management add-ons have been made based on management judgements to cover uncertainties in the model-generated impairment charges.

The factors particularly affecting management judgements in 2020 are COVID-19, developments in the agricultural sector, rates of return on properties, technically insolvent customers, and the economic situation of the housing market. Refer to note 11 for more details.

### *Investment property and owner-occupied property*

The fair value measurement of investment property is based on a significant estimate. The estimate is primarily related to the determination of the required rate of return and future cash flows on the property.

Determining the revalued amount of owner-occupied property is based on a significant estimate. The estimate is primarily related to the determination of the required rate of return on the property. Owner-occupied property is premises from which active savings bank activities are carried on as well as related premises in basements and attics for installations etc. In the valuation, different square metre prices have been used in relation to the alternative applications that the individual premises are considered to have.

### *Fair value of financial instruments*

For financial instruments, the measurement of which is based on available data that is only to a limited extent observable market data, such measurement is subject to estimation. This is the case with unlisted shares.

For shares in sector-owned companies where such shares are reallocated, such reallocation is considered to be the primary market of the shares. For other

# Notes

unlisted shares in sector-owned companies for which observable input is not readily available, measurement includes information from the companies' financial statements, experience from trading in shares in the relevant companies, and input from a qualified third party.

## *Goodwill*

Goodwill is tested at least twice a year (semi-annually and annually) for impairment and more frequently in the event of indications of impairment. Refer to note 20 for more details.

## *Deferred tax assets*

Deferred tax assets are recognised for all unused tax losses insofar as it is deemed probable that taxable income will be generated in the foreseeable future (3 to 5 years) against which these losses may be offset. Determining the size of the amount recognisable as a deferred tax asset is based on estimation of the probable time and size of future taxable income.

# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>4 Interest income</b>					
Credit institutions and central banks	708	650	560	511	
Loans and other amounts owed	506,996	538,611	482,693	515,623	
Bonds	33,124	50,816	33,124	50,816	
Total derivatives	27,012	23,618	27,012	23,618	
Thereof: - Interest rate contracts	27,625	25,533	27,625	25,533	
- Foreign exchange contracts	-613	-1,915	-613	-1,915	
Other interest income	1,431	592	1,183	424	
<b>Total interest income</b>	<b>569,271</b>	<b>614,287</b>	<b>544,572</b>	<b>590,992</b>	
<b>4a Negative interest income</b>					
Credit institutions and central banks	14,671	7,617	14,671	7,617	
Bonds	8,847	10,023	8,847	10,023	
<b>Total negative interest income</b>	<b>23,518</b>	<b>17,640</b>	<b>23,518</b>	<b>17,640</b>	
<b>5 Interest expenses</b>					
Credit institutions and central banks	548	602	543	596	
Deposits and other debt	11,923	11,598	11,923	11,598	
Bonds issued	305	0	305	0	
Subordinated loan capital	32,393	29,730	32,393	29,730	
Other interest expenses	1,247	1,622	2,493	3,172	
<b>Total interest expenses</b>	<b>46,416</b>	<b>43,552</b>	<b>47,657</b>	<b>45,096</b>	

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>5a Positive interest expenses</b>					
Credit institutions and central banks	36	96	36	96	
Deposits and other debt	57,520	11,536	58,176	11,835	
<b>Total positive interest expenses</b>	<b>57,556</b>	<b>11,632</b>	<b>58,212</b>	<b>11,931</b>	
<b>6 Fees and commission income</b>					
Securities trading and custody accounts	79,506	72,851	79,506	72,851	
Payment services	55,846	63,389	55,846	63,389	
Loan fees	62,238	57,101	62,238	57,101	
Guarantee commission	201,220	182,937	201,221	182,937	
Custody services	62,318	58,779	62,318	58,779	
Other fees and commissions	118,366	106,300	119,535	106,637	
<b>Total fees and commission income</b>	<b>579,494</b>	<b>541,357</b>	<b>580,662</b>	<b>541,694</b>	
<b>7 Market value adjustments</b>					
Bonds	-31,434	-54,630	-32,014	-54,077	
Shares	46,087	39,201	46,087	39,190	
Investment property	-10,274	-15,104	-720	7	
Foreign exchange	13,521	9,334	13,521	9,334	
Currency, interest rate, share, commodity and other contracts and derivatives	-1,702	-22,374	-1,702	-22,374	
Assets in pooled plans	61,891	181,485	61,891	181,485	
Deposits in pooled plans	-61,891	-181,485	-61,891	-181,485	
<b>Total market value adjustments</b>	<b>16,198</b>	<b>-43,573</b>	<b>25,172</b>	<b>-27,920</b>	

# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>8 Staff costs and administrative expenses</b>					
<b>Remuneration of the Board of Directors and Executive Board*</b>					
Board of Directors and Executive Board	16,759	14,501	16,499	14,501	
<b>Total</b>	<b>16,759</b>	<b>14,501</b>	<b>16,499</b>	<b>14,501</b>	
<b>Staff costs</b>					
Wages and salaries	339,863	350,523	339,863	350,523	
Pension contributions	39,760	39,956	39,760	39,956	
Social security costs	55,990	57,413	55,990	57,413	
<b>Total staff costs</b>	<b>435,613</b>	<b>447,892</b>	<b>435,613</b>	<b>447,892</b>	
<b>Other administrative expenses</b>	<b>276,678</b>	<b>263,351</b>	<b>255,758</b>	<b>245,571</b>	
<b>Total staff costs and administrative expenses</b>	<b>729,050</b>	<b>725,744</b>	<b>707,870</b>	<b>707,964</b>	
* Board of Directors has been expanded from 2 to 3 persons april 1. st. 2019					
<b>Specification of wages, salaries and remuneration for the Board of Directors, Executive Board and key risk takers</b>					
<b>Board of Directors</b>					
Thomas Kullegaard, Chairman	715	585	650	585	
Jakob N. Andersson, Vice-chairman	560	470	495	470	
Bent Andersen	500	420	435	420	
Erik Larsen	280	235	280	235	
Kirsten Hede Nielsen	280	176	280	176	
Per Olsen	280	235	280	235	
Otto Spliid	275	220	210	220	
Helle L. Bjørnøe	250	205	250	205	
Mads Wallin	250	205	250	205	
Fratrådte medlemmer	0	148	0	148	
<b>Total set remuneration for the Board of Directors</b>	<b>3,390</b>	<b>2,899</b>	<b>3,130</b>	<b>2,899</b>	

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>8 Staff costs and administrative expenses (continued)</b>					
<b>Executive Board</b>					
<b>Lars Petersson</b>					
Set salary	5,227	5,117	5,227	5,117	
Variable one-off remuneration	95	0	95	0	
Pension contribution	0	0	0	0	
<b>Total</b>	<b>5,322</b>	<b>5,117</b>	<b>5,322</b>	<b>5,117</b>	
<b>Bruno Riis-Nielsen</b>					
Set salary	4,043	3,977	4,043	3,977	
Variable one-off remuneration	95	0	95	0	
Pension contribution	0	0	0	0	
<b>Total</b>	<b>4,138</b>	<b>3,977</b>	<b>4,138</b>	<b>3,977</b>	
<b>Lars Bolding (tiltrådt april 2019)</b>					
Set salary	3,814	2,508	3,814	2,508	
Variable one-off remuneration	95	0	95	0	
Pension contribution	0	0	0	0	
<b>Total</b>	<b>3,909</b>	<b>2,508</b>	<b>3,909</b>	<b>2,508</b>	

In addition, company cars were made available to the Executive Board. The tax base thereof is: Lars Petersson DKK 169k (2019: DKK 169k), Bruno Riis-Nielsen DKK109k (2019: DKK109k) and Lars Bolding DKK 117k (2019: 88k)

As part of the employment of Lars Bolding as Executive Officer, Sparekassen agreed to purchase his property in Aabenraa, if it was not sold within a reasonable amount of time, due to Lars' moving til Zealand. Sparekassen purchased the property oct. 1st 2020 for 3.100 tdkk., with a 250 tdkk discount compared to broker valuation. The property was sold Feb. 15th 2021 for 3.050 tdkk.

# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>8</b>	<b>Staff costs and administrative expenses (continued)</b>				
	<b>Other staff impacting on the risk profile</b>				
	Set salary	28,116	25,901	28,116	25,901
	Variable salary	0	0	0	0
	Variable one-off remuneration	0	95	0	95
	Pension contribution	3,259	2,960	3,259	2,960
	<b>Total</b>	<b>31,375</b>	<b>28,956</b>	<b>31,375</b>	<b>28,956</b>
	Staff materially impacting on the risk profile	30	28	30	28
	<b>Other staff impacting on the risk profile by business area</b>				
	<b>Business/credit</b>				
	Set salary	12,567	11,967	12,567	11,967
	Variable salary	0	0	0	0
	Variable one-off remuneration	0	0	0	0
	Pension contribution	1,404	1,334	1,404	1,334
	<b>Total</b>	<b>13,971</b>	<b>13,301</b>	<b>13,971</b>	<b>13,301</b>
	Staff materially impacting on the risk profile	12	12	12	12
	<b>Investment/asset management</b>				
	Set salary	5,375	3,997	5,375	3,997
	Variable salary	0	0	0	0
	Variable one-off remuneration	0	0	0	0
	Pension contribution	623	461	623	461
	<b>Total</b>	<b>5,998</b>	<b>4,458</b>	<b>5,998</b>	<b>4,458</b>
	Staff materially impacting on the risk profile	8	6	8	6

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>8</b>	<b>Staff costs and administrative expenses (continued)</b>				
	<b>Other business areas</b>				
	Set salary	10,174	9,937	10,174	9,937
	Variable salary	0	0	0	0
	Variable one-off remuneration	0	95	0	95
	Pension contribution	1,232	1,165	1,232	1,165
	<b>Total</b>	<b>11,406</b>	<b>11,197</b>	<b>11,406</b>	<b>11,197</b>
	Staff materially impacting on the risk profile	10	10	10	10

Sparekassen's Board of Directors has appointed a Remuneration Committee. Among its duties is to meet at least once a year to assess Sparekassen's remuneration policy and propose any amendments to the Board of Directors. The remuneration policy approved by the Board of Directors is submitted to the general meeting for adoption.

The Remuneration Committee is composed of Executive Officer Jakob N. Andersson (Chairman), Architect MMA Thomas Kullegaard, Chief of Programme Kirsten Hede Nielsen, Customer Advisor Helle Lindhof Bjørnøe and Branch Manager Mads Wallin.

The Board members are paid a fixed fee in accordance with the remuneration policy.

Salary agreements with members of the Executive Board are managed by the Chairman of Sparekassen's Board of Directors based on a prior recommendation by the Remuneration Committee. Salary agreements are submitted to the Board of Director for final approval. The Executive Board's retirement benefit plans do not deviate from industry standards. The Executive Board and the Board of Directors are not covered by any bonus schemes.

Remuneration of key risk takers is managed by the Executive Board.

Sparekassen does not use retirement benefit plans or pension plans that are not in compliance with Danish law or collective agreements.

Sparekassen has decided to remunerate using fixed pay elements. Consequently, Sparekassen does not have variable pay elements as an arranged element of remuneration of staff, the Executive Board or the Board of Directors. So no deferred variable pay has been provided for 2020. Variable pay means remuneration schemes under which the final remuneration is not known in advance and depends on the performance of the individual, the division or Sparekassen, for example, bonus schemes or similar arrangements.

If the Board of Directors or the Executive Board consider a person to have performed extraordinarily, a one-off remuneration may be granted exceptionally. If a Board member, an executive officer, a key risk taker or a staff member in a control function receives a one-off payment, such payment will be treated in accordance with Sections 77a and 77b of the Danish Financial Business Act.

# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

## 8 Staff costs and administrative expenses (continued)

An extraordinary remuneration may only be granted if the budget approved by the Board of Directors for the current year shows a profit. Then only one-off payments are made below the clearly trivial threshold laid down in the Danish FSA's Executive Order on Remuneration Policy. Per person, the one-off remuneration must not exceed 20% of fees and the fixed base pay, respectively, including pension contributions. No persons of the Group are paid EUR 1m or more per financial year. The complete remuneration policy is available on [www.spks.dk/om/regnskab](http://www.spks.dk/om/regnskab)

### Appointed auditors' fees

Statutory audit services	951	947	849	841
Assurance engagements	70	90	70	90
Other services	592	349	592	349
<b>Total</b>	<b>1,613</b>	<b>1,386</b>	<b>1,511</b>	<b>1,280</b>

Fees for non-audit services provided by Deloitte Statsautoriseret Revisionspartnerselskab to the Group amount to DKK 592k (2019: DKK 349k) and cover advice on the merger of subsidiaries, International Financial Reporting Standards, risk management and increase of capital.

## 9 Staff headcount

Average headcount for the financial year converted into full-time employees

	555	587	555	587
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## 10 Other operating expenses

Expenses for the resolution plan	1,947	1,105	1,947	1,105
Other operating expenses	21,367	18,172	12,774	10,857
<b>Total other operating expenses</b>	<b>23,314</b>	<b>19,277</b>	<b>14,721</b>	<b>11,962</b>

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

## 11 Impairment losses and provisions for losses (impairment account)

### Net effect recognised in profit or loss

Amounts owed by credit institutions and central banks	-17	48	-17	48
Loans and other amounts owed at amortised cost	157,890	54,907	159,916	63,958
Guarantees	23,974	4,418	23,974	4,418
Committed facilities and undrawn credit lines	18,728	2,371	18,728	2,371
<b>Total net changes in impairment/provisions accounts</b>	<b>200,575</b>	<b>61,743</b>	<b>202,601</b>	<b>70,794</b>
Interest rate adjustment	-20,000	-27,868	-20,000	-27,868
Recorded as loss, not previously written down/provided for	13,013	17,443	9,989	16,303
Recovery of claims previously written off	-32,661	-34,388	-29,579	-31,410
<b>Taken to profit or loss</b>	<b>160,927</b>	<b>16,930</b>	<b>163,011</b>	<b>27,819</b>

# Notes

Note	Amounts in DKK'000	Group				Sparekassen (Parent)			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>11</b>	<b>Impairment losses and provisions for losses (impairment account) (continued)</b>								
	<b>2020</b>								
	<b>Accumulated impairment losses and provisions by stage</b>								
	Amounts owed by credit institutions and central banks	1	273	0	274	1	273	0	274
	Loans and other amounts owed at amortised cost	126,231	159,737	345,198	631,166	123,404	147,338	338,028	608,770
	Guarantees	28,822	20,591	39,356	88,769	28,822	20,591	39,356	88,769
	Committed facilities and undrawn credit lines	15,387	11,798	0	27,185	15,387	11,798	0	27,185
	<b>Total impairment losses and provisions</b>	<b>170,441</b>	<b>192,399</b>	<b>384,554</b>	<b>747,394</b>	<b>167,614</b>	<b>180,000</b>	<b>377,384</b>	<b>724,998</b>
	<b>2019</b>								
	<b>Accumulated impairment losses and provisions by stage</b>								
	Amounts owed by credit institutions and central banks	1	290	0	291	1	290	0	291
	Loans and other amounts owed at amortised cost	56,034	109,283	491,878	657,195	53,874	98,028	479,443	631,345
	Guarantees	11,562	10,017	43,217	64,795	11,562	10,017	43,217	64,795
	Committed facilities and undrawn credit lines	3,435	5,022	0	8,457	3,435	5,022	0	8,457
	<b>Total impairment losses and provisions</b>	<b>71,032</b>	<b>124,612</b>	<b>535,094</b>	<b>730,738</b>	<b>68,872</b>	<b>113,357</b>	<b>522,660</b>	<b>704,889</b>



# Notes

Note	Amounts in DKK'000	Group				Sparekassen (Parent)			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>1.1</b>	<b>Impairment losses and provisions for losses (impairment account) (continued)</b>								
	<b>2020</b>								
	<b>Impairment account for amounts owed by credit institutions and central banks</b>								
	Total impairment losses at beginning of year	1	290	0	291	1	290	0	291
	New impairment losses (net)	0	-17	0	-17	0	-17	0	-17
	Recorded as loss, covered by previous write-downs for impairment			0	0			0	0
	<b>Total impairment losses at end of year</b>	<b>1</b>	<b>273</b>	<b>0</b>	<b>274</b>	<b>1</b>	<b>273</b>	<b>0</b>	<b>274</b>
	<b>2019</b>								
	<b>Impairment account for amounts owed by credit institutions and central banks</b>								
	Total impairment losses at beginning of year	1	242	0	243	1	242	0	243
	New impairment losses (net)	0	48	0	48	0	48	0	48
	Recorded as loss, covered by previous write-downs for impairment			0	0			0	0
	<b>Total impairment losses at end of year</b>	<b>1</b>	<b>290</b>	<b>0</b>	<b>291</b>	<b>1</b>	<b>290</b>	<b>0</b>	<b>291</b>

# Notes

Note	Amounts in DKK'000	Group				Sparekassen (Parent)			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>11</b>	<b>Impairment losses and provisions for losses (impairment account) (continued)</b>								
	<b>2020</b>								
	<b>Impairment account for loans and other amounts owed at amortised cost</b>								
	Total impairment losses at beginning of year	56,034	109,283	491,878	657,195	53,874	98,027	479,443	631,345
	New impairment losses (net)	70,197	50,454	37,240	157,891	69,530	49,311	41,076	159,916
	Recorded as loss, covered by previous write-downs for impairment			-183,920	-183,920			-182,491	-182,491
	<b>Total impairment losses at end of year</b>	<b>126,231</b>	<b>159,737</b>	<b>345,198</b>	<b>631,166</b>	<b>123,404</b>	<b>147,338</b>	<b>338,028</b>	<b>608,770</b>
	<b>2019</b>								
	<b>Impairment account for loans and other amounts owed at amortised cost</b>								
	Total impairment losses at beginning of year	59,012	105,911	848,954	1,013,877	57,589	104,457	814,534	976,580
	New impairment losses (net)	-2,977	3,372	54,513	54,908	-3,715	-6,430	74,101	63,957
	Recorded as loss, covered by previous write-downs for impairment			-411,589	-411,589			-409,192	-409,192
	<b>Total impairment losses at end of year</b>	<b>56,034</b>	<b>109,283</b>	<b>491,878</b>	<b>657,195</b>	<b>53,874</b>	<b>98,028</b>	<b>479,443</b>	<b>631,345</b>

# Notes

Note	Amounts in DKK'000	Group				Sparekassen (Parent)			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>11</b>	<b>Impairment losses and provisions for losses (impairment account) (continued)</b>								
	<b>2020</b>								
	<b>Provisions account for guarantees</b>								
	Total provisions at beginning of year	11,562	10,017	43,217	64,795	11,562	10,017	43,217	64,795
	New provisions (net)	17,260	10,574	-3,861	23,973	17,260	10,574	-3,861	23,973
	Finally written off, previously provided for			0	0			0	0
	<b>Total provisions at end of year</b>	<b>28,822</b>	<b>20,591</b>	<b>39,356</b>	<b>88,769</b>	<b>28,822</b>	<b>20,591</b>	<b>39,356</b>	<b>88,769</b>
	<b>2019</b>								
	<b>Provisions account for guarantees</b>								
	Total provisions at beginning of year	7,372	10,444	43,280	61,096	7,372	10,444	43,280	61,096
	New provisions (net)	4,190	-427	656	4,418	4,190	-427	656	4,418
	Finally written off, previously provided for			-719	-719			-719	-719
	<b>Total provisions at end of year</b>	<b>11,562</b>	<b>10,017</b>	<b>43,217</b>	<b>64,795</b>	<b>11,562</b>	<b>10,017</b>	<b>43,217</b>	<b>64,795</b>

# Notes

Note	Amounts in DKK'000	Group				Sparekassen (Parent)			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>11</b>	<b>Impairment losses and provisions for losses (impairment account) (continued)</b>								
	<b>2020</b>								
	Provisions account for committed facilities and undrawn credit lines								
	Total provisions at beginning of year	3,435	5,022	0	8,457	3,435	5,022	0	8,457
	New provisions (net)	11,952	6,776	0	18,728	11,952	6,776	0	18,728
	<b>Total provisions at end of year</b>	<b>15,387</b>	<b>11,798</b>	<b>0</b>	<b>27,185</b>	<b>15,387</b>	<b>11,798</b>	<b>0</b>	<b>27,185</b>
	<b>2019</b>								
	Provisions account for committed facilities and undrawn credit lines								
	Total provisions at beginning of year	2,942	3,145	0	6,087	2,942	3,145	0	6,087
	New provisions (net)	493	1,878	0	2,371	493	1,878	0	2,371
	<b>Total provisions at end of year</b>	<b>3,435</b>	<b>5,022</b>	<b>0</b>	<b>8,457</b>	<b>3,435</b>	<b>5,022</b>	<b>0</b>	<b>8,457</b>

# Notes

## 1.1 Impairment losses and provisions for losses (impairment account) (continued)

### Key factors in the development of the impairment account

The migration between stages is a significant reason for the level of the impairment account. At the time of recognition, the asset is written down by an amount equivalent to the expected credit loss over a 12-month period (Stage 1). If, subsequently, credit risk has increased significantly since initial recognition, the asset is written down by an amount equivalent to the expected credit loss over the remaining maturity period of the asset (Stage 2).

Loans, advances and guarantees as well as committed facilities and undrawn credit lines by exposure category/stage are evident from note 4.3.

As a rule, new facilities are placed in Stage 1 unless the customer is in credit quality class 1 (credit-impaired exposures), for which reason the facility is placed in Stage 3. In 2020, Sparekassen had DKK 8,927.2m (gross) (2019: DKK 11,037.9m) worth of new facilities, which affected the impairment account by a total of DKK 77.9m (2019: DKK 42.6m).

Stage 2 facilities in overdraft by more than 30 days amounted to DKK 1.6m at 31 December 2020 (2019: DKK 1.6m), which has affected the impairment account by DKK 0.2m (2019: DKK 0.2m).

### Development in calculation factors

Loss Given Default (LGD) and Probability of Default (PD) are based on Sparekassen's own financial ratios.

LGD reflects the percentage loss of the customer's exposures if such customer is in default. The PD value

reflects Sparekassen's percentage expectation of the probability of a customer defaulting.

Sparekassen regularly recalculates the PD values included in the calculation of the impairment account. The calculation is based on the track record of Sparekassen's customer portfolio over a five-year time frame. The calculated PD values have generally decreased during the year, which is estimated to have affected the impairment account downwards by approximately DKK -2.6m.

### Macroeconomic variables

The industry association Lokale Pengeinstitutter (LOPI) has developed a tool that Sparekassen uses to estimate expectations for the future. The forward-looking macroeconomic module builds on a series of regression models that determine the historical link between impairment losses for the year in a number of sectors and industries and a number of explanatory macroeconomic variables.

Then estimates of the macroeconomic variables are fed into the regression models based on prognoses from consistent sources such as the Danish Economic Councils, Danmarks Nationalbank etc, where such prognoses generally span two years ahead in time and cover variables such as increase in public spending, increase in GDP, interest rates, etc. Thereby, expected impairment losses are calculated for up to two years ahead in time within each sector and industry. For maturity periods of more than two years and up to year 10, the impairment ratio is projected so as to converge towards a normal level in year 10. Maturity periods of

more than 10 years are given the same impairment ratio as in year 10.

Finally, the calculated impairment ratios are transformed into adjustment factors that correct the data centre's "rough" estimates for each sector and industry. Management of Sparekassen regularly assesses the adjustment factors and adjusts the factors to best reflect Sparekassen's actual affairs and conditions.

Changes in the macroeconomic variables have not had any significant effect on developments in the impairment account.

### Stage 1 and Stage 2 exposures

Sparekassen believes that the model used to calculate Stage 1 and Stage 2 impairment losses/provisions may be used to calculate the expected credit losses on its financial assets recognised at amortised cost.

### Stage 3 exposures

Stage 3 exposures are dealt with individually. The asset will continue to be written down by an amount equivalent to the expected credit loss over the remaining maturity period of the asset, and interest income is recognised in profit or loss applying the effective interest method to the amount written down.

In 2020, Sparekassen has experienced an addition of new impairment losses/provisions of DKK 147.7m (2019: DKK 220.1m) in Stage 3. In the same period, DKK 134.2m (2019: DKK 192.8m) in impairment losses/provisions was reversed.

Finally written off, previously written down/provided for stands at DKK 183.9m (2019: DKK 413.9m) in amount.

Refer also to Sparekassen's summary of significant accounting policies.

# Notes

Note	Group					
	2020			2019		
Amounts in DKK'000	Portfolio model calculation	Management judgement of losses	Total	Portfolio model calculation	Management judgement of losses	Total
<b>11 Nedskrivninger og hensættelser til tab (nedskrivningskontoen) (fortsat)</b>						
Sector breakdown, stage 1 and 2 depreciations as well as Management judgement of losses						
Public authorities	1	0	1	2	0	2
<b>Business</b>						
Agriculture, hunting, forestry and fisheries	12,024	36,117	48,140	12,168	3,265	15,433
Industry and extraction of raw materials	4,300	990	5,290	4,600	1,000	5,600
Energy supply	143	0	143	99	0	99
Building and construction	8,988	1,980	10,968	7,171	2,000	9,171
Trade	13,151	77,675	90,825	9,162	2,500	11,662
Transport, hotels and restaurants	3,114	24,782	27,895	2,651	500	3,151
Information and communication	2,352	732	3,084	2,171	500	2,671
Financing and insurance	2,711	2,410	5,120	3,092	500	3,592
Real property	9,750	3,546	13,295	11,114	4,000	15,114
Other business	14,708	17,617	32,325	12,776	5,000	17,776
<b>Total business</b>	<b>71,240</b>	<b>165,847</b>	<b>237,088</b>	<b>65,005</b>	<b>19,265</b>	<b>84,269</b>
Private	79,764	45,988	125,752	85,373	26,000	111,373
<b>Total</b>	<b>151,005</b>	<b>211,835</b>	<b>362,841</b>	<b>150,380</b>	<b>45,265</b>	<b>195,644</b>

# Notes

Note	Sparekassen (Parent)					
	2020			2019		
Amounts in DKK'000	Portfolio model calculation	Management judgement of losses	Total	Portfolio model calculation	Management judgement of losses	Total
<b>11 Nedskrivninger og hensættelser til tab (nedskrivningskontoen) (fortsat)</b>						
Sector breakdown, stage 1 and 2 depreciations as well as Management judgement of losses						
Public authorities	1	0	1	2	0	2
<b>Business</b>						
Agriculture, hunting, forestry and fisheries	11,063	36,117	47,179	11,584	3,265	14,849
Industry and extraction of raw materials	4,009	990	4,999	4,340	1,000	5,340
Energy supply	103	0	103	64	0	64
Building and construction	8,543	1,980	10,523	6,844	2,000	8,844
Trade	12,838	77,675	90,513	8,876	2,500	11,376
Transport, hotels and restaurants	2,783	24,782	27,564	2,354	500	2,854
Information and communication	2,295	732	3,027	2,129	500	2,629
Financing and insurance	2,682	2,410	5,092	3,056	500	3,556
Real property	9,685	3,546	13,230	11,067	4,000	15,067
Other business	14,018	17,617	31,635	12,184	5,000	17,184
<b>Total business</b>	<b>68,019</b>	<b>165,847</b>	<b>233,866</b>	<b>62,499</b>	<b>19,265</b>	<b>81,763</b>
Private	67,760	45,988	113,748	74,464	26,000	100,464
<b>Total</b>	<b>135,780</b>	<b>211,835</b>	<b>347,615</b>	<b>136,965</b>	<b>45,265</b>	<b>182,229</b>

As of december 31st 2020, 211,853 tdkk (2019: 45,265 tdkk) is incorporated in addition to the portfolio model calculated depreciations. Additions of 171,416 tdkk in 2020 relates to Covid-19. In addition, a sector specific amount of 10,467 tdkk has been added. This relates to pig production. Sparekassen also adds extra to cover potential errors with the model calculations and processes. Sparekassen estimates no further provisions covering risks in relation to Brexit and green transition (increased environmental requirements).

# Notes

## Nedskrivninger og hensættelser til tab (nedskrivningskontoen) (fortsat)

### Practice for derecognising financial assets from the balance sheet

Financial assets measured at amortised cost will be derecognised in whole or in part from the balance sheet if Sparekassen no longer has any reasonable expectation of having the amount outstanding covered in whole or in part. Recognition will cease based on a specific, individual assessment of each exposure. For corporate customers, Sparekassen will typically base the assessment of indicators such as the customer's liquidity, earnings and equity and the collateral provided as security for the exposure. For private customers, Sparekassen will typically base the assessment on the customer's liquidity, income and assets as well as the customer's collateral provided for the exposure. When a financial asset is derecognised in whole or in part from the balance sheet, the impairment loss on the financial asset will be excluded from the calculation of accumulated impairment losses as well, see the above line item "Finally written off, previously written down/provided for".

Sparekassen continues its collection efforts after derecognition of the assets from the balance sheet, with initiatives depending on the situation at hand, with initiatives depending on the situation at hand. As a rule, Sparekassen will attempt to make voluntary arrangements with the customer, including renegotiation of terms or reconstruction of an enterprise so that debt collection or petition for bankruptcy will not be applied until other steps have been explored. Sparekassen has regularly derecognised DKK 196.9 m worth of financial assets in 2020 for which attempts are still made to have them collected. The total worth of financial assets for which attempts are still made to have them collected, is DKK 2,471.4 m in 2020.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>12</b>	<b>Income tax</b>				
	Computed tax on income for the year	16,075	13,790	13,753	8,484
	Deferred tax	775	11,940	1,058	10,560
	Readjustment of tax computed for previous years	-3,625	-1,112	-4,457	-951
	<b>Total income tax</b>	<b>13,225</b>	<b>24,618</b>	<b>10,354</b>	<b>18,093</b>
	<b>Effective tax rate</b>				
	Income tax rate in Denmark	22,00	22,00	22,00	22,00
	<b>Adjustments:</b>				
	Pure hybrid capital	0,00	-2,15	0,00	-2,20
	Readjustment of tax computed for previous years	-1,95	-0,44	-1,87	-0,39
	Non-taxable income and non-deductible expenses etc	-0,60	-0,67	-2,37	-2,15
	Profit/loss on investments in associates and group enterprises	-3,23	0,01	-3,17	-1,78
	Subsequent use of previously incurred loss	-10,75	-8,96	-10,26	-8,09
	<b>Total</b>	<b>5,47</b>	<b>9,79</b>	<b>4,33</b>	<b>7,39</b>

Interest on hybrid core capital carried directly on equity has in 2019 been deducted calculating taxable income.



# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>13</b>	<b>Amounts owed by credit institutions and central banks</b>				
	By time to maturity				
	Demand deposits	152,720	154,089	141,678	142,765
	Up to 3 months	4,660,699	2,364,197	4,660,699	2,364,197
	From 3 months to 1 year	0	22,647	0	22,647
	From 1 year to 5 years	0	0	0	0
	More than 5 years	0	0	0	0
	<b>Total</b>	<b>4,813,419</b>	<b>2,540,933</b>	<b>4,802,377</b>	<b>2,529,609</b>
	Claims at notice on central banks	4,660,699	2,364,197	4,660,699	2,364,197
	Claims on credit institutions	152,720	176,736	141,678	165,412
	<b>Total</b>	<b>4,813,419</b>	<b>2,540,933</b>	<b>4,802,377</b>	<b>2,529,609</b>

## 14 Loans and other amounts owed at amortised cost

	By time to maturity				
	At call	268,403	383,200	267,124	381,230
	Up to 3 months	1,181,852	1,084,322	985,829	1,052,578
	From 3 months to 1 year	4,784,180	4,048,336	4,175,324	4,116,541
	From 1 year to 5 years	2,395,380	2,410,135	2,615,143	2,651,258
	More than 5 years	3,321,631	4,291,244	4,027,020	4,103,748
	<b>Total</b>	<b>11,951,447</b>	<b>12,217,237</b>	<b>12,070,441</b>	<b>12,305,355</b>

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>14</b>	<b>Loans, advances and guarantee debtors by sector</b>				
	Loans, advances and guarantee debtors by sector				
	Public authorities	0.1	0.4	0.0	0.3
	<b>Business</b>				
	Agriculture, hunting, forestry and fisheries	8.5	8.2	7.4	7.2
	Industry and extraction of raw materials	2.3	2.1	1.9	1.7
	Energy supply	0.2	0.1	0.1	0.0
	Building and construction	6.0	5.3	5.4	4.8
	Trade	4.8	5.8	4.3	5.3
	Transport, hotels and restaurants	1.8	1.9	1.3	1.4
	Information and communication	0.9	0.8	0.8	0.8
	Financing and insurance	4.7	5.3	9.1	9.2
	Real property	9.3	9.9	10.2	10.7
	Other business	6.3	7.0	5.3	6.1
	<b>Total business</b>	<b>44.8</b>	<b>46.3</b>	<b>45.7</b>	<b>47.2</b>
	Private	55.1	53.3	54.3	52.4
	<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

The break-down by sector and industry has been made using the industry codes of Statistics Denmark.

# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>15 Bonds at fair value</b>					
Listed		5,849,380	6,591,480	5,849,380	6,591,480
Unlisted		0	0	0	0
<b>Total</b>		<b>5,849,380</b>	<b>6,591,480</b>	<b>5,849,380</b>	<b>6,591,480</b>

The Group has provided bonds at a total bond price of DKK 1,139m (2018: DKK 936m) as security for the day-to-day performance of clearing operations and securities trading. Refer to note 34 - Assets provided as collateral.

## 16 Bonds at amortised cost

Carrying amount of bonds at amortised cost	300,270	0	300,270	0
Fair value of bonds at amortised cost	300,295	0	300,295	0
Fair value of bonds at amortised cost compared to carrying amount	25	0	25	0

Fair value of held to maturity portfolio is 25 tdkk higher than carrying amount

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>17 Shares etc</b>					
Shares/unit trust certificates listed on Nasdaq Copenhagen A/S		40,869	58,792	40,869	58,792
Shares/unit trust certificates listed on other stock exchanges		2,939	0	2,939	0
Other shares		523,138	634,927	523,138	634,927
<b>Total</b>		<b>566,946</b>	<b>693,719</b>	<b>566,946</b>	<b>693,719</b>

# Notes

Note	Amounts in DKK'000	Sparekassen (Parent)	
		2020	2019
<b>18 Investments in associates and group enterprises</b>			
<b>Investments in group enterprises</b>			
Total cost at beginning of year		765,976	765,976
Additions for the year		0	0
Disposals for the year		0	0
<b>Total cost at end of year</b>		<b>765,976</b>	<b>765,976</b>
Revaluations and impairment losses at beginning of year		-398,039	-413,462
Profit/loss for the year		1,802	19,910
Other changes		-9	-62
Change in accounting policies applied		-811	811
Disposals for the year		0	0
Dividend		-4,903	-5,236
<b>Revaluations and impairment losses at end of year</b>		<b>-401,960</b>	<b>-398,039</b>
<b>Holding recognised at end of year</b>		<b>364,016</b>	<b>367,937</b>
Thereof, credit institutions		0	0

Note	Amounts in DKK'000	Capital	Ownership interest in %	Equity at end of year	Profit/loss
<b>18 Investments in associates and group enterprises (continued)</b>					
<b>Group enterprises, 2020</b>					
Investeringsselskabet Sjælland-Fyn A/S		162,000	100	229,709	10,152
Leasing Fyn Faaborg A/S		5,000	100	13,506	4,990
Ejendomsselskabet Sjælland-Fyn A/S		20,000	100	120,801	-13,340
<b>Group enterprises, 2019</b>					
Investeringsselskabet Sjælland-Fyn A/S		162,000	100	219,557	19,065
Leasing Fyn Faaborg A/S		5,000	100	13,428	6,571
Ejendomsselskabet Sjælland-Fyn A/S		20,000	100	134,952	-4,914

Investeringsselskabet Sjælland-Fyn A/S and Ejendomsselskabet Sjælland-Fyn A/S are registered in the Municipality of Faaborg-Midtfyn.

Leasing Fyn Faaborg A/S is registered in the Municipality of Odense.

Investeringsselskabet Sjælland-Fyn A/S and Ejendomsselskabet Sjælland-Fyn A/S are registered in the Municipality of Faaborg-Midtfyn.

Leasing Fyn Faaborg A/S is registered in the Municipality of Odense.

# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>18 Investments in associates and group enterprises (continued)</b>					
<b>Investments in associates and jointly controlled enterprises</b>					
Total cost at beginning of year	43,977	72,292	8,404	36,719	
Additions for the year	118,096	0	118,096	0	
Additions for the year	-1,883	-28,315	-1,883	-28,315	
<b>Total cost at end of year</b>	<b>160,190</b>	<b>43,977</b>	<b>124,617</b>	<b>8,404</b>	
Revaluations and impairment losses at beginning of year	2,732	3,048	1,790	1,596	
Profit/loss for the year/share of profit/loss for the year	11,603	1,678	8,745	-922	
Other changes	-2,044	1,053	-2,044	1,116	
Dividend	4,685	3,047	4,685	0	
Revaluations and impairment losses for the year	23,397	0	23,405	0	
<b>Revaluations and impairment losses at end of year</b>	<b>31,003</b>	<b>2,732</b>	<b>27,211</b>	<b>1,790</b>	
<b>Holding recognised at end of year</b>	<b>191,193</b>	<b>46,709</b>	<b>151,828</b>	<b>10,194</b>	
Thereof, credit institutions	163,059	36,515	123,694	0	

Note	Amounts in DKK'000	Capital	Ownership interest in %	Equity at end of year	Profit/loss
<b>18 Investments in associates and group enterprises (continued)</b>					
<b>Associerede virksomheder, 2020</b>					
Regional Invest Fyn A/S	5,000	50.0	7,857	-261	
Sparekassen Sjælland-Fyn, group share			3,929	-131	
The company is consolidated in 2020. The consolidated financial statement covers the period January 1st 2019 to July 31st 2020					
The above enterprise is registered in the Municipality of Faaborg-Midtfyn.					
FinanceZealand A/S	3,000	49.0	6,069	-6,649	
Sparekassen Sjælland-Fyn, group share			2,974	-3,258	
The above enterprise is registered in the Municipality of Vordingborg.					
Lollands Bank A/S	21,600	20.8	556,900	54,436	
Sparekassen Sjælland-Fyn, group share			115,760	11,315	
The above enterprise is registered in the Municipality of Lolland Kommune					
Impagt Invest Sjælland A/S	5,000	50.0			
Sparekassen Sjælland-Fyn, group share					
The enterprise is registered June 23rd, 2020					
The above enterprise is registered in the Municipality of Roskilde Kommune					
<b>Associerede virksomheder, 2019</b>					
Regional Invest Fyn A/S	5,000	50.0	58,118	8,483	
Sparekassen Sjælland-Fyn, group share			29,059	4,242	
Hereby distributed in 2019					
			25,000		
The above enterprise is registered in the Municipality of Faaborg-Midtfyn.					
FinanceZealand A/S (The enterprise is registered in 2017)	2,760	49.0	12,717	-72	
Sparekassen Sjælland-Fyn, group share			6,231	-35	
The above enterprise is registered in the Municipality of Vordingborg.					

# Notes

Note	Amounts in DKK'000	Capital	Ownership interest in %	Equity at end of year	Profit/loss
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## 18 Investments in associates and group enterprises (continued)

### Jointly controlled enterprises, 2020

Leasing Fyn Bank A/S	58,500	33.3	118,095	8,574
Sparekassen Sjælland-Fyn, group share			39,365	2,858

The above enterprise is registered in the Municipality of Odense.

### Jointly controlled enterprises, 2019

Leasing Fyn Bank A/S	58,500	33.3	109,545	7,800
Sparekassen Sjælland-Fyn, group share			36,515	2,600

The above enterprise is registered in the Municipality of Odense.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

## 19 Pooled plans

### Assets in pooled plans

Cash balance	17,187	14,514	17,187	14,514
Shares/unit trust certificates	2,064,694	1,756,263	2,064,694	1,756,263
<b>Total pooled assets</b>	<b>2,081,881</b>	<b>1,770,777</b>	<b>2,081,881</b>	<b>1,770,777</b>

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

## 20 Intangible assets

### Goodwill

Cost at beginning of year	91,154	91,154	91,154	91,154
<b>Cost at end of year</b>	<b>91,154</b>	<b>91,154</b>	<b>91,154</b>	<b>91,154</b>
<b>Total</b>	<b>91,154</b>	<b>91,154</b>	<b>91,154</b>	<b>91,154</b>

### Other intangible assets

Cost at beginning of year	137,313	148,984	137,313	148,984
Additions for the year	11,981	7,538	11,981	7,538
Disposals for the year	125,870	19,209	125,870	19,209
<b>Cost at end of year</b>	<b>23,424</b>	<b>137,313</b>	<b>23,424</b>	<b>137,313</b>

Amortisation and impairment losses at beginning of year	137,144	115,048	137,144	115,048
Disposals for the year	125,870	18,960	125,870	18,960
Amortisation for the year	12,053	41,056	12,053	41,056

<b>Amortisation and impairment losses at end of year</b>	<b>23,327</b>	<b>137,144</b>	<b>23,327</b>	<b>137,144</b>
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<b>Total</b>	<b>97</b>	<b>169</b>	<b>97</b>	<b>169</b>
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<b>Total intangible assets</b>	<b>91,251</b>	<b>91,323</b>	<b>91,251</b>	<b>91,323</b>
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Goodwill is tested at least twice a year for impairment and more frequently in the event of indications of impairment.

Management's expected development in core earnings over a five-year budget period is used as a basis. The calculation takes as its starting point historical growth adjusted by Management's expectations, see below. Management's required rate of return is 12.8% before tax (2019: 12.8%) and 10.0% after tax (2019: 10.0%). The annual terminal value growth rate is assumed to be 1.5% (2019: 1.5%). Sparekassen's budget serves as a basis for the calculation.

The key parameter for the projection of cash flows over the budget period is the development in balance sheet items and hence growth. In addition, future cash flows will be affected by the development in interest-rate differential, rate of cost and impairment losses on loans and advances etc. Management expects core earnings to increase over the budget period because of continued growth in loans, increasing interest-rate differentials and continuous fulfilment of Sparekassen's earnings expectations that were announced in 2017 in connection with the publication of Sparekassen's new four-year strategy "New Ways".

# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>21 Land and buildings</b>					
<b>Investment property</b>					
Fair value at beginning of year		157,465	158,728	6,258	7,289
Additions		35,746	93,652	0	2,052
Disposals		58,216	85,380	2,490	3,033
Fair value adjustments for the year		-12,947	-9,535	-698	-50
<b>Fair value at end of year</b>		<b>122,048</b>	<b>157,465</b>	<b>3,070</b>	<b>6,258</b>
Rental income		10,563	16,202	12	12
Operating expenses		6,758	4,314	312	478
Thereof, operating expenses for investment property not having generated rental income for the year		1,251	1,047	299	376
		<b>Quoted prices</b>	<b>Observable input</b>	<b>Non-observable input</b>	<b>Total</b>
<b>Fair value hierarchy for investment property</b>					
Group 2020		0	0	122,048	122,048
Group 2019		0	0	157,465	157,465

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>21 Land and buildings (continued)</b>					
<b>Owner-occupied property</b>					
Cost at beginning of year		293,735	337,803	62,149	62,149
Additions		43,774	6,326	0	0
Disposals		19,167	50,394	0	0
<b>Cost at end of year</b>		<b>318,342</b>	<b>293,735</b>	<b>62,149</b>	<b>62,149</b>
Accumulated depreciation and impairment losses at beginning of year		43,114	71,997	15,493	14,282
Depreciation for the year		411	411	411	411
Impairment losses for the year		7,916	800	246	800
Disposals for the year		4,867	30,094	0	0
<b>Accumulated depreciation and impairment losses at end of year</b>		<b>46,574</b>	<b>43,114</b>	<b>16,150</b>	<b>15,493</b>
Accumulated revaluation at beginning of year		2,926	2,926	2,926	2,926
Revaluation for the year		-1,479	0	-1,479	0
<b>Accumulated revaluation at end of year</b>		<b>1,447</b>	<b>2,926</b>	<b>1,447</b>	<b>2,926</b>
<b>Revalued amount at end of year</b>		<b>273,215</b>	<b>253,547</b>	<b>47,446</b>	<b>49,582</b>
If no revaluation had been made, the carrying amount of owner-occupied property would be:		271,768	250,621	45,999	46,656

External experts have to some degree been involved in the valuation of owner-occupied property. Impairment losses for the year result from normal value adjustment arising from revaluation.

# Notes

Note	Amounts in DKK'000	Quoted prices	Observable input	Non-observable input	Total
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## 21 Land and buildings (continued)

### Fair value hierarchy of owner-occupied property

Group 2020	0	0	273,215	273,215
Group 2019	0	0	253,547	253,547

Investment properties and owner-occupied properties are measured at fair value/revalued amount calculated using a return-based model which is based on an estimate of prices per square metre and a required rate of return. A required rate of return ranging between 4.3% and 13.8% has been used in measuring properties located on Zealand and Funen and in Jutland (2019: 5.9% and 18.2%). An increase in the required rate of return would result in a decline in the property's fair value, whereas an increase in rent per square metre relative to the assumptions applied would result in an increase in the fair value of the property.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

## 21 Land and buildings (continued)

Owner-occupied property, revalued amount at end of year	273,215	253,547	47,446	49,582
Owner-occupied property, leased assets	42,713	62,820	103,133	133,059
Owner-occupied property, according to balance sheet	<b>315,928</b>	<b>316,367</b>	<b>150,579</b>	<b>182,641</b>

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

## 22 Other property, plant and equipment

Total cost at beginning of year	143,745	203,470	133,920	193,645
Additions	14,180	2,333	14,180	2,333
Disposals	15,818	62,058	12,502	62,058
<b>Total cost at end of year</b>	<b>142,107</b>	<b>143,745</b>	<b>135,598</b>	<b>133,920</b>

Depreciation and impairment loss at beginning of year	112,397	154,609	102,572	144,784
Depreciation and impairment losses for the year	22,618	19,747	22,618	19,747
Reversal of depreciation and impairment losses	15,818	61,959	12,502	61,959
<b>Depreciation and impairment losses at end of year</b>	<b>119,197</b>	<b>112,397</b>	<b>112,688</b>	<b>102,572</b>

<b>Carrying amount</b>	<b>22,910</b>	<b>31,348</b>	<b>22,910</b>	<b>31,348</b>
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Other property, plant and equipment, according to balance sheet	3,534	2,803	3,534	2,803
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<b>Other property, plant and equipment, leased assets</b>	<b>26,444</b>	<b>34,151</b>	<b>26,444</b>	<b>34,151</b>
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# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>23 Lease assets and liabilities</b>					
<b>Group as lessee</b>					
<b>Lease assets</b>					
Owner-occupied property	42,713	62,820	103,133	133,059	
Cars	2,110	1,324	2,110	1,324	
Other property, plant and equipment	1,424	1,479	1,424	1,479	
<b>Total, at period-end</b>	<b>46,247</b>	<b>65,623</b>	<b>106,667</b>	<b>135,862</b>	
<b>Depreciation of lease assets</b>					
Owner-occupied property	36,886	19,941	59,604	33,585	
Cars	1,472	903	1,472	903	
Other property, plant and equipment	588	1,102	588	1,102	
<b>Total depreciation</b>	<b>38,946</b>	<b>21,946</b>	<b>61,664</b>	<b>35,590</b>	
<b>Additions for the period, lease assets</b>					
Owner-occupied property	0	1,077	428	1,142	
Cars	2,000	1,167	2,000	1,167	
Other property, plant and equipment	534	123	534	123	
<b>Total additions for the period</b>	<b>2,534</b>	<b>2,367</b>	<b>2,962</b>	<b>2,433</b>	
<b>Cash outflow on leases</b>					
Less than 1 year	20,663	21,952	32,724	33,790	
From 1 and 2 years	11,309	20,559	19,691	32,063	
From 2 to 3 years	7,308	10,120	15,675	18,378	
From 3 to 4 years	4,172	6,879	12,538	15,122	
From 4 to 5 years	2,726	4,077	11,092	12,320	
More than 5 years	2,907	5,480	23,471	33,983	
<b>Total cash outflow</b>	<b>49,085</b>	<b>69,067</b>	<b>115,192</b>	<b>145,657</b>	

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>23 Lease assets and liabilities (continued)</b>					
<b>Short-term lease liabilities</b>					
Owner-occupied property	18,538	20,088	30,494	31,825	
Cars	1,096	691	1,096	691	
Other property, plant and equipment	858	993	858	993	
<b>Total</b>	<b>20,492</b>	<b>21,772</b>	<b>32,448</b>	<b>33,509</b>	
<b>Long-term lease liabilities</b>					
Owner-occupied property	25,437	43,601	75,243	102,915	
Cars	1,000	630	1,000	630	
Other property, plant and equipment	566	486	566	486	
<b>Total</b>	<b>27,003</b>	<b>44,717</b>	<b>76,809</b>	<b>104,031</b>	
<b>Total lease liabilities, at period-end</b>	<b>47,495</b>	<b>66,489</b>	<b>109,257</b>	<b>137,540</b>	
<b>Total interest expenses regarding lease liabilities</b>	<b>1,059</b>	<b>1,417</b>	<b>2,327</b>	<b>2,970</b>	
<b>Total cash flow from leases</b>	<b>22,132</b>	<b>22,494</b>	<b>33,899</b>	<b>36,879</b>	

There are no significant extensions or period of notices on leases cars, as well as other tangible assets.

Leasing contracts on owner-occupied property is generally xxx for a period of up to a year from the time of agreement. Typically after that, the can be terminated y Sparekassen with a warning of 3-6 month. Sparekassen then has an unconditional right to extend the lease, in principle indefinite. Leasing obligations for owner-occupied properties is based on management judgement within the leasing period. For evaluating reasonably secure leasing periods, sparekassen's 4-year strategy is taken into consideration.

Leases on low-value assets are included in other property, plant and equipment. Sparekassen has no short-term leases.

#### Intra-group leases

As the recognised value of the lease asset and the lease liability is not reduced at the same pace in straight-line depreciation of the asset and non-straight-line reduction of the liability because of the amortisation, the profit or loss and equity of the Parent and the Group will differ. Over the lease term, the difference will be nil. Sparekassen will make eliminations for purposes of mitigating this difference. As these leases are eliminated in the consolidated financial statements, only the Parent will be affected.



# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>23 Lease assets and liabilities (continued)</b>					
<b>Group as a lessor</b>					
The Group serves as lessor in the areas of commercial leasing and vendor leasing with particular emphasis on transport, agricultural, industrial and contracting businesses. Finance leases are provided.					
<b>Finance leases</b>					
Opening balance	717,049	567,141	0	0	
Additions	373,831	402,522	0	0	
Disposals	285,841	252,614	0	0	
<b>Total</b>	<b>805,039</b>	<b>717,049</b>	<b>0</b>	<b>0</b>	
<b>By term to maturity</b>					
Up to 1 year	196,254	175,273	0	0	
More than 1 year and up to 5 years	545,216	495,748	0	0	
More than 5 years	63,569	46,028	0	0	
<b>Total</b>	<b>805,039</b>	<b>717,049</b>	<b>0</b>	<b>0</b>	
<b>Gross investments</b>					
Up to 1 year	219,731	195,393	0	0	
From 1 to 2 years	206,912	191,333	0	0	
From 2 to 3 years	170,352	152,827	0	0	
From 3 to 4 years	128,522	111,193	0	0	
From 4 to 5 years	78,414	72,874	0	0	
More than 5 years	65,776	47,751	0	0	
<b>Total</b>	<b>869,707</b>	<b>771,371</b>	<b>0</b>	<b>0</b>	
<b>Unearned finance income</b>	<b>64,668</b>	<b>54,322</b>	<b>0</b>	<b>0</b>	
<b>Interest on finance leases</b>	<b>30,273</b>	<b>25,720</b>	<b>0</b>	<b>0</b>	
<b>Profit from sale of lease assets</b>	<b>1,727</b>	<b>2,119</b>	<b>0</b>	<b>0</b>	

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>24 Deferred tax assets/ liabilities</b>					
Deferred tax at beginning of year	163,753	175,689	155,070	165,626	
Change in opening balance of deferred tax, IFRS 9	0	0	0	0	
Change in deferred tax for the year	-26,680	-33,651	-25,442	-29,438	
Adjustment of deferred tax asset, written down	25,909	21,715	24,388	18,882	
<b>Net deferred tax assets at end of year</b>	<b>162,982</b>	<b>163,753</b>	<b>154,016</b>	<b>155,070</b>	
Deferred tax assets	162,982	163,753	154,016	155,070	
Deferred tax liabilities	0	0	0	0	
<b>Net deferred tax at end of year</b>	<b>162,982</b>	<b>163,753</b>	<b>154,016</b>	<b>155,070</b>	

Deferred tax assets have been partially written down as it is difficult to document with sufficient certainty that they can be used in full within the foreseeable future. Subsequent use of the written-down asset is not subject to any time limits.

# Notes

Note	Amounts in DKK'000	Deferred tax at beginning of year	Recognised in profit/loss for the year	Recognised in other comprehensive income	Deferred tax at end of year
<b>24</b>	<b>Deferred tax assets/liabilities (continued)</b>				
	<b>Change in deferred tax Group 2020</b>				
	Intangible assets	-13,390	-6,664	0	-20,054
	Machinery and equipment	2,954	-1,108	0	1,846
	Properties	-2,755	90	4	-2,661
	Loans, leases	-2,085	3,675	0	1,590
	Other	9,232	3,232	0	12,464
	Tax loss	255,061	-25,909	0	229,152
	Deferred tax asset, written down	-85,264	25,909	0	-59,355
	<b>Total</b>	<b>163,753</b>	<b>-775</b>	<b>4</b>	<b>162,982</b>
	<b>Group 2019</b>				
	Opening balance of deferred tax, IFRS 9	12,521	-12,521	0	0
	Intangible assets	-13,381	-9	0	-13,390
	Other intangible assets, customer lists	-3,635	3,635	0	0
	Machinery and equipment	2,151	803	0	2,954
	Properties	-2,565	-194	4	-2,755
	Loans, leases	-1,710	-375	0	-2,085
	Other	12,511	-3,279	0	9,232
	Tax loss	276,776	-21,715	0	255,061
	Deferred tax asset, written down	-106,979	21,715	0	-85,264
	<b>Total</b>	<b>175,689</b>	<b>-11,940</b>	<b>4</b>	<b>163,753</b>

Note	Amounts in DKK'000	Deferred tax at beginning of year	Recognised in profit/loss for the year	Recognised in other comprehensive income	Deferred tax at end of year
<b>24</b>	<b>Deferred tax assets/liabilities (continued)</b>				
	<b>Change in deferred tax Sparekassen (Parent) 2020</b>				
	Intangible assets	-13,390	-6,664	0	-20,054
	Machinery and equipment	2,764	1,597	0	4,361
	Properties	-286	246	4	-36
	Other	11,087	3,763	0	14,850
	Tax loss	192,507	-24,388	0	168,119
	Deferred tax asset, written down	-37,612	24,388	0	-13,224
	<b>Total</b>	<b>155,070</b>	<b>-1,058</b>	<b>4</b>	<b>154,016</b>
	<b>Sparekassen (Parent) 2019</b>				
	Opening balance of deferred tax, IFRS 9	12,521	-12,521	0	0
	Intangible assets	-13,381	-9	0	-13,390
	Other intangible assets, customer lists	-3,635	3,635	0	0
	Machinery and equipment	1,898	866	0	2,764
	Properties	-290	0	4	-286
	Other	13,618	-2,531	0	11,087
	Tax loss	211,389	-18,882	0	192,507
	Deferred tax asset, written down	-56,494	18,882	0	-37,612
	<b>Total</b>	<b>165,626</b>	<b>-10,560</b>	<b>4</b>	<b>155,070</b>

# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

## 25 Temporarily held assets

Temporarily held assets	0	0	0	0
Loss/profit from sale	0	88	0	0

Temporarily held assets comprise properties acquired as part of the settlement of customer exposures with a view to disposing of the assets as soon as possible.

Sparekassen has acquired the assets by enforcing its charge on the properties. No assets other than properties have been acquired.

It is Sparekassen's policy to acquire assets, either voluntarily or in a forced sale, for which expectations are, based on a specific assessment, that a subsequent sale net of acquisition and operating expenses will reduce the Group's losses. Its policy is also to sell on the acquired assets as soon as possible.

## 26 Other assets

Positive market value of derivatives	30,002	25,318	30,002	25,318
Various receivables	37,263	39,722	410	7,954
Interest and commission receivable	10,583	14,317	10,583	14,085
Other assets	165,344	147,507	163,154	139,535
<b>Total</b>	<b>243,193</b>	<b>226,864</b>	<b>204,150</b>	<b>186,892</b>
Amounts expected to be recovered/ settled after 12 months	171,427	118,743	132,384	118,743
Amounts expected to be recovered/ settled within 12 months	71,766	108,121	71,766	68,149

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

## 27 Amounts owed to credit institutions and central banks

Amounts owed to central banks	0	0	0	0
Amounts owed to credit institutions	558,383	525,436	557,320	524,210
<b>Total</b>	<b>558,383</b>	<b>525,436</b>	<b>557,320</b>	<b>524,210</b>

By time to maturity:

Debt payable on demand	557,353	524,210	557,320	524,210
Up to 3 months	129	31	0	0
From 3 months to 1 year	304	129	0	0
From 1 year to 5 years	597	640	0	0
More than 5 years	0	426	0	0
<b>Total</b>	<b>558,383</b>	<b>525,436</b>	<b>557,320</b>	<b>524,210</b>

## 28 Deposits and other debt

On demand	18,929,358	17,195,008	19,007,731	17,257,770
At notice	9,869	14,762	9,869	14,762
Time deposits	0	4,489	0	4,489
Special deposits	1,061,715	1,485,324	1,061,715	1,485,324
<b>Total</b>	<b>20,000,941</b>	<b>18,699,583</b>	<b>20,079,315</b>	<b>18,762,345</b>
Debt payable on demand	18,957,490	17,232,139	19,035,864	17,294,901
Deposits at notice:				
Up to 3 months	132,092	155,801	132,092	155,801
From 3 months to 1 year	24,737	26,887	24,737	26,887
From 1 year to 5 years	153,308	150,451	153,308	150,451
More than 5 years	733,314	1,134,305	733,314	1,134,305
<b>Total</b>	<b>20,000,941</b>	<b>18,699,583</b>	<b>20,079,315</b>	<b>18,762,345</b>

# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>29 Issued bonds at amortised cost</b>					
Non-preferred senior debt	0	0	0	0	
Preferred senior debt	198,656	0	198,656	0	
<b>Total</b>	<b>198,656</b>	<b>0</b>	<b>198,656</b>	<b>0</b>	
By time to maturity:					
Debt payable on demand	0	0	0	0	
Up to 3 months	0	0	0	0	
From 3 months to 1 year	0	0	0	0	
From 1 year to 5 years	198,656	0	198,656	0	
More than 5 years	0	0	0	0	
<b>Total</b>	<b>198,656</b>	<b>0</b>	<b>198,656</b>	<b>0</b>	
<b>30 Other liabilities</b>					
Various payables	67,821	115,416	55,309	84,105	
Negative market value of derivatives	30,166	26,082	30,166	26,082	
Lease commitments	47,495	66,489	109,257	137,540	
Interest and commission payable	12,369	15,297	12,321	15,297	
Other liabilities	163,177	116,383	163,177	116,382	
<b>Total</b>	<b>321,028</b>	<b>339,667</b>	<b>370,230</b>	<b>379,406</b>	
Amounts expected to be settled within 12 months	277,600	251,607	264,846	232,867	
Amounts expected to be settled after 12 months	93,428	88,060	105,384	146,539	

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>31 Provisions</b>					
Provisions for losses on guarantees etc	88,769	64,795	88,769	64,795	
Other provisions	28,665	11,416	28,665	11,416	
<b>Total</b>	<b>117,434</b>	<b>76,211</b>	<b>117,434</b>	<b>76,211</b>	
<b>Provisions for losses on guarantees</b>					
Balance at beginning of year	64,795	61,096	64,795	61,096	
New provisions (net)	23,974	4,418	23,974	4,418	
Other changes	0	0	0	0	
Finally written off	0	719	0	719	
<b>Provisions for losses on guarantees at end of year</b>	<b>88,769</b>	<b>64,795</b>	<b>88,769</b>	<b>64,795</b>	
By time to maturity:					
Up to 1 year	20,892	12,414	20,892	12,414	
From 1 year to 5 years	17,497	5,543	17,497	5,543	
More than 5 years	50,380	46,838	50,380	46,838	
<b>Total</b>	<b>88,769</b>	<b>64,795</b>	<b>88,769</b>	<b>64,795</b>	

# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>31 Provisions (continued)</b>					
<b>Provisions for losses on committed facilities and undrawn credit lines</b>					
Balance at beginning of year	8,457	6,088	8,456	6,088	
New provisions (net)	18,728	2,369	18,729	2,369	
Other changes	0	0	0	0	
Finally written off	0	0	0	0	
<b>Provisions for losses on committed facilities and undrawn credit lines at end of year</b>	<b>27,185</b>	<b>8,457</b>	<b>27,185</b>	<b>8,457</b>	
By time to maturity:					
Up to 1 year	27,185	8,457	27,185	8,457	
From 1 year to 5 years	0	0	0	0	
More than 5 years	0	0	0	0	
<b>Total</b>	<b>27,185</b>	<b>8,457</b>	<b>27,185</b>	<b>8,457</b>	
<b>Other provisions</b>					
Balance at beginning of year	2,959	4,425	2,959	4,425	
New provisions (net)	-1,479	-1,466	-1,479	-1,466	
Other changes	0	0	0	0	
Finally written off	0	0	0	0	
<b>Other provisions at end of year</b>	<b>1,480</b>	<b>2,959</b>	<b>1,480</b>	<b>2,959</b>	
By time to maturity:					
Up to 1 year	0	0	0	0	
From 1 year to 5 years	1,480	2,959	1,480	2,959	
More than 5 years	0	0	0	0	
<b>Total</b>	<b>1,480</b>	<b>2,959</b>	<b>1,480</b>	<b>2,959</b>	

The time of maturity for provisions for losses on guarantees is subject to considerable uncertainty.

Note	Amounts in DKK'000	Current rate of interest	Sparekassen (Group/Parent)	
			2020	2019
<b>32 Subordinated loan capital</b>				
<b>Supplerende kapital</b>				
Floating interest rate, maturing in July 2025, may be repaid early in 2020. <sup>2)</sup>	7.66 % <sup>1)</sup>	0	105,000	
From 2020 to 2025, the interest rate will be six months' CIBOR + 6.9% with half-yearly adjustment.				
Floating interest rate, maturing in February 2027, may be repaid early in 2022.	5.94 % <sup>1)</sup>	50,000	50,000	
From 2022 to 2027, the interest rate will be six months' CIBOR + 5.5% with half-yearly adjustment.				
Floating interest rate, maturing in December 2027, may be repaid early in 2022.	4.75 % <sup>1)</sup>	50,000	50,000	
From 2022 to 2027, the interest rate will be six months' CIBOR + 4.39% with half-yearly adjustment.				
Floating interest rate, maturing in June 2028, may be repaid early in 2023.	4.50 % <sup>1)</sup>	130,000	130,000	
From 2023 to 2028, the interest rate will be six months' CIBOR + 4.11% with half-yearly adjustment.				
Floating interest rate, maturing in November 2028, may be repaid early in 2023.	4.75 % <sup>1)</sup>	41,000	41,000	
From 2023 to 2028, the interest rate will be six months' CIBOR + 4.24% with half-yearly adjustment.				
Floating interest rate, maturing in June 2029, may be repaid early in 2024.	4.50 % <sup>1)</sup>	150,000	150,000	
From 2024 to 2029, the interest rate will be six months' CIBOR + 4.64% with half-yearly adjustment.				
Floating interest rate, maturing in December 2029, may be repaid early in 2024.	4.45 % <sup>1)</sup>	152,000	152,000	
From 2024 to 2029, the interest rate will be six months' CIBOR + 4.51% with half-yearly adjustment.				
<b>Total supplementary capital</b>		<b>573,000</b>	<b>678,000</b>	
<b>Total hybrid capital</b>		<b>0</b>	<b>0</b>	
<b>Total subordinated loan capital</b>		<b>573,000</b>	<b>678,000</b>	
Costs of establishment are charged to profit or loss over the expected term to maturity		3,331	4,859	
<b>Total subordinated loan capital according to the balance sheet</b>		<b>569,669</b>	<b>673,141</b>	

# Notes

Note	Amounts in DKK'000	Aktuel rentesats	Sparekassen (Group/Parent)	
			2020	2019
<b>32 Subordinated loan capital (continued)</b>				
<b>Hybrid kapital reklassificeret til egenkapital</b>				
Floating interest rate, indefinite term to maturity, may be repaid early in 2022. <sup>2)</sup>	6.75 % <sup>1)</sup>	55,000	55,000	
From 2022, the interest rate will be six months' CIBOR + 6.39% with half-yearly adjustment.				
Floating interest rate, indefinite term to maturity, may be repaid early in 2023. <sup>2)</sup>	6.50 % <sup>1)</sup>	280,000	280,000	
From 2023, the interest rate will be six months' CIBOR + 6.11% with half-yearly adjustment.				
Floating interest rate, indefinite term to maturity, may be repaid early in 2023 <sup>2)</sup>	6.25 % <sup>1)</sup>	41,000	41,000	
From 2023, the interest rate will be six months' CIBOR + 5.74% with half-yearly adjustment.				
<b>Total hybrid capital, reclassified to equity</b>		<b>376,000</b>	<b>376,000</b>	
Subordinated loan capital included in the calculation of capital resources		945,669	1,049,141	

1) Fixed interest rate for the first five years.

2) The issue may be used without restrictions to fulfil the capital requirement addition under the 8+ approach.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>32 Subordinated loan capital (continued)</b>					
<b>Interest etc on subordinated loan capital</b>					
Interest (excluding interest on reclassified hybrid core capital recognised in equity)	32,393	29,730	32,393	29,730	
Extraordinary instalments/repayments/conversions	105,000	82,000	105,000	82,000	
Expenses for raising subordinated loan capital	0	2,671	0	2,671	
Expenses for repaying subordinated loan capital	0	0	0	0	

Except for 'top interest-rate certificates', all of Sparekassen's capital issuances may be used to cover the capital requirements under the CRR/CRD IV rules. All capital not applied to cover the capital requirements of the CRR/CRD IV rules may, for most of Sparekassen's issuances, be applied to fulfil the capital requirement addition under the 8+ approach.

At the time of borrowing, subordinated loan capital is measured at the proceeds received net of front-end fees etc. After initial recognition, measurement is effected at amortised cost to the effect that the difference between net proceeds and nominal value is recognised in interest expenses over the expected term of the subordinated loan capital.

In calculating capital resources, subordinated loan capital is included at DKK 945,669k compared to DKK 830,499k in 2018.

In 2020, Sparekassen repaid DKK 105,000k in supplementary capital compared to DKK 82,000k in 2019.

# Notes

Note	Amounts in DKK'000	Number of shares		Nominal value (DKK'000)	
		2020	2019	2020	2019
<b>33 Share capital</b>					
Share capital, Sparekassen Sjælland-Fyn A/S		17,374,973	17,374,973	173,750	173,750
<b>Total</b>		<b>17,374,973</b>	<b>17,374,973</b>	<b>173,750</b>	<b>173,750</b>
			<b>Number of shares</b>	<b>Nominal value (DKK'000)</b>	<b>Participation %</b>
<b>Treasury shares</b>					
<b>Treasury shares at 1.1.2019</b>			<b>9,265</b>	<b>93</b>	<b>0,1</b>
Purchased			121,724	1,217	0,7
Sold			72,000	720	0,4
<b>Treasury shares at 31.12.2019</b>			<b>58,989</b>	<b>590</b>	<b>0,3</b>
Purchased			72,324	723	0,4
Sold			0	0	0,0
<b>Treasury shares at 31.12.2020</b>			<b>131,313</b>	<b>1,313</b>	<b>0,8</b>

Total purchase price DKK 5,992k (2019: DKK 11,325k)

Total selling price DKK 0k (2019: DKK 6,590k)

The share capital consists of 17,374,973 shares of a nominal value of DKK 10. The shares have been fully paid up. The shares have not been divided into classes and carry no special rights. Sparekassen holds 131,313 treasury shares (2019: 58,989), corresponding to 0.8 % of the share capital (2019: 0.8 %). The shares were acquired as part of ordinary trading.

Sparekassen has adopted special rules for exercising the voting rights of its shares. Each nominal share denomination of DKK 10 carries one vote. However, for shares held by the same shareholder, the maximum vote cast may be equivalent to 7.5% of the total share capital.

Sparekassen has been authorised by the general meeting to acquire treasury shares for up to 2% of the share capital. Sparekassen has been permitted by the Danish FSA to acquire treasury shares in 2020 for DKK 6m in market value.

Note	Amounts in DKK'000	Group	
		2020	2019
<b>33 Share capital (continued)</b>			
<b>Earnings per share</b>			
The Parent Sparekassen Sjælland-Fyn A/S, shareholders' share		204,209	202,249
Average number of shares (units)		17,374,973	17,374,973
Average number of treasury shares		95,151	34,127
<b>Average number of shares outstanding</b>		<b>17,279,822</b>	<b>17,340,846</b>
Share options outstanding, average dilution effect		0	0
Average number of shares outstanding (diluted)		17,279,822	17,340,846
Earnings per share (DKK)		11.8	11.7
Diluted earnings per share (DKK)		11.8	11.7

# Notes

## Note

### 34 Shareholder information

At 31 December 2019, Sparekassen Sjælland-Fyn has registered the following shareholders to hold between 5% and 9.99% of the voting rights or nominal value of the share capital:

#### 2020

Sydbank A/S, Aabenraa

AP Pension Livsforsikringsaktieselskab, København

Købstædernes Forsikring, Gensidig, København

#### 2019

Sydbank A/S, Aabenraa

AP Pension Livsforsikringsaktieselskab, København

Købstædernes Forsikring, Gensidig, København

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>35</b>	<b>Contingent liabilities and assets</b>				
	<b>Contingent liabilities</b>				
	Finance guarantees	267,342	233,270	289,942	255,870
	Loss guarantees for mortgage loans	2,849,877	2,564,684	2,849,877	2,564,684
	Property registration and conversion guarantees	33,403	72,014	33,403	72,014
	Other contingent liabilities	3,975,166	3,867,787	3,975,166	3,867,787
	<b>Total</b>	<b>7,125,788</b>	<b>6,737,755</b>	<b>7,148,388</b>	<b>6,760,355</b>

Other contingent liabilities hereafter include Totalkredit guarantees, performance guarantees and other contingent liabilities, including commitments towards the Danish Deposit Guarantee Fund (guarantee fund).

Sparekassen's participation in the data centre Bankdata implies that, in the event of withdrawal, it is obliged to pay a withdrawal compensation. Like other Danish financial institutions, Sparekassen is subject to the Danish Deposit Guarantee Fund and is so obliged, together with other financial institutions, to cover depositors' balances etc of up to EUR 100,000 with financial institutions in the process of liquidation or bankruptcy.

The Parent participates in a Danish joint taxation arrangement with its subsidiaries. According to the joint taxation provisions of the Danish Corporation Tax Act, Sparekassen is therefore liable for income taxes etc for the jointly taxed companies, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. Together with Investeringselskabet Sjælland-Fyn A/S and Leasing Fyn Faaborg A/S, Sparekassen Sjælland-Fyn A/S is jointly registered for VAT and payroll tax.

Totalkredit loans arranged by the Group from 2007 are subject to an agreed right of set-off against future current commission which Totalkredit may enforce if any losses are recorded on the loans arranged. Sparekassen does not expect that this right of set-off will have a material effect on its financial position.

Except for ordinary contracts of employment with its staff, Sparekassen does not have any other significant obligating arrangements. Due to its business activities, Sparekassen is or may be party to different lawsuits or disputes. Sparekassen assesses the risk in each case, and any necessary provisions are recorded under provisions.

No other contingent liabilities are estimated to exist that have not been recognised as relevant in the balance sheet..



# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

## 35 Contingent liabilities and assets (continued)

### Contingent assets

Deferred tax asset, written down	59,355	85,264	13,224	37,612
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Deferred tax assets have been partially written down as it is difficult to document with sufficient certainty that they can be used in full within the foreseeable future. Subsequent use of the written-down asset is not subject to any time limits.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

## 36 Assets provided as collateral

Bonds deposited with Danmarks Nationalbank, clearing centres etc	1,133,703	1,138,504	1,133,703	1,138,504
Cash deposited with credit institutions, CSA agreements	22,695	22,696	22,695	22,696
Loss limit towards the Danish Growth Fund	260	262	260	262
<b>Total assets provided as collateral</b>	<b>1,156,658</b>	<b>1,161,462</b>	<b>1,156,658</b>	<b>1,161,462</b>

Unencumbered deposited securities may be discharged on demand.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

## 37 Capital resources

Equity excluding hybrid core capital	2,996,208	2,851,461	2,996,208	2,851,461
Intangible assets	-91,251	-91,323	-91,251	-91,323
Deferred tax assets	-162,982	-163,753	-154,016	-155,070
Proposed dividend	0	-52,125	0	-52,125
Deduction, capital instruments exceeding 10%	-245,990	-209,744	-244,883	-208,672
Other additions/deductions	213,429	96,634	215,533	98,678
<b>Common Equity Tier 1 capital</b>	<b>2,709,414</b>	<b>2,431,150</b>	<b>2,721,591</b>	<b>2,442,949</b>

Hybrid core capital	376,000	376,000	376,000	376,000
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<b>Core capital (including hybrid core capital) net of primary deductions</b>	<b>3,085,414</b>	<b>2,807,150</b>	<b>3,097,591</b>	<b>2,818,949</b>
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Supplementary capital	569,669	673,141	569,669	673,141
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<b>Capital resources</b>	<b>3,655,082</b>	<b>3,480,291</b>	<b>3,667,259</b>	<b>3,492,090</b>
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### Risk exposures

Credit risk	13,986,690	14,374,537	14,090,641	14,610,040
Market risk	899,522	1,112,212	899,612	1,112,309
Operational risk	1,912,923	1,856,049	1,879,639	1,805,486
<b>Total risk exposures</b>	<b>16,799,135</b>	<b>17,342,798</b>	<b>16,869,892</b>	<b>17,527,835</b>

Capital ratio	21.8	20.1	21.7	19.9
Core capital ratio	18.4	16.2	18.4	16.1
Common Equity Tier 1 capital ratio	16.1	14.0	16.1	13.9

Capital resources, requirement under Section 124(2) of the Danish Financial Business Act	1,343,931	1,387,424	1,349,591	1,402,227
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# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

## 37 Capital resources (continued)

Sparekassen applies the transitional scheme in the implementation of IFRS 9. Under the transitional scheme, Sparekassen may phase in the negative consequences of IFRS 9 into the capital resources over a five-year period. As a reaction to the Covid-19 pandemic, the settlement of the dynamic part of the transition period has been reset in 2020, with a new 5 year phasing-in period

### Common Equity Tier 1 capital

Core capital (including hybrid core capital) net of primary deductions	2,505,656	2,331,300	2,517,833	2,343,099
Capital resources	2,881,656	2,707,300	2,893,833	2,719,099
Capital resources	3,451,325	3,380,441	3,463,502	3,392,240
Total risk exposures	16,676,560	17,305,825	16,750,961	17,494,197
Capital ratio	20.7	19.5	20.7	19.4
Core capital ratio	17.3	15.6	17.3	15.5
Common Equity Tier 1 capital ratio	15.0	13.5	15.0	13.4

The capital ratio has been calculated in accordance with the Danish FSA's Executive Order on Capital Adequacy for Banks and Certain Credit Institutions. Sparekassen complies with the Danish rules for step phase-in of the requirements of the Capital Requirements Regulation and the Capital Requirements Directive (CRR/CRD IV).

The capital adequacy rules require a minimum capital of 8% of calculated risks plus an individual solvency requirement. The statement of individual solvency requirement is evident from Sparekassen's risk report which is published together with the Annual Report on Sparekassen's website, [https://www.spks.dk/om\\_sparekassen/regnskab](https://www.spks.dk/om_sparekassen/regnskab). The risk report and the statement of the individual solvency requirement have not been audited

Capital resources are composed of core capital (equity and hybrid capital) and supplementary capital. Under certain conditions, the subordinated loan capital may be included in capital resources. Subordinated loan capital is disclosed note 32.

It is Sparekassen's strategy to continuously have a comfortable excess capital adequacy to secure latitude for Sparekassen to pursue its business and strategic priorities and aims and to maintain continuity in what we do. Also, Sparekassen makes a current effort to reduce risk as well as charge on capital on non-core activities as much as possible. Sparekassen considers its excess capital adequacy to be satisfactory.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

## 38 Related parties

The amount of loans, mortgages, recourse and non-recourse guarantees as well as related collateral security established for the members of Management listed below:

### Executive Board

Loans and non-recourse guarantees	1,022	678	1,022	678
Interest rate for loans	5.15 % - 8.95 %	5.00 % - 7.00 %	5.15 % - 8.95 %	5.00 % - 7.00 %

### Board of Directors

Loans and non-recourse guarantees	31,730	45,838	31,730	45,838
Interest rate for loans	1.05 % - 4.1 %	1.05 % - 14.5 %	1.05 % - 4.1 %	1.05 % - 14.5 %

Loans to employee board members are granted on Sparekassen's general terms for employees. Loans to other board members are granted on an arm's length basis.

Sparekassen has had the following transactions with related parties in the financial year:

Executive Board	0	0
Board of Directors	2,046	500

The transactions cover consultancy services from Kullegaard Arkitekter A/S (only in 2019), in which Chairman Thomas Kullegaard was Partner and trade assistance from HM Gruppen A/S, in which Vice-Chairman Jakob N. Andersson serves as Board Member and Executive Officer. All related party transactions have been conducted on an arm's length basis.

# Notes

Note	Amounts in DKK'000	Associates and jointly controlled enterprises		Group enterprises	
		2020	2019	2020	2019

## 38 Related parties (continued)

### Balances and transactions with:

Loans and other amounts owed	39,152	30,677	1,045,816	951,458
Deposits and other debt	62,388	19,839	116,385	98,564
Net interest income	641	459	18,060	15,793
Commission and fee income	22	0	2,407	1,252
Rent	0	0	12,253	14,904
Management fee, income	0	60	1,488	1,739
Guarantees	5,944	8,960	22,600	22,600
Land and buildings			0	0
Investments/dividend			4,903	5,236

Sparekassen serves as banker for group enterprises. The transactions primarily cover payment of interest and rent. All transactions with the companies mentioned have been conducted on an arm's length basis.

There are not credit-impaired related parties (Stage 3).

Note	2020	2019	Change in number
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## 39 Shares held by the Board of Directors and the Executive Board at end of year

### Board of Directors

Thomas Kullegaard	19,167	16,667	2,500
Jakob Nørrekjær Andersson	17,099	14,189	2,910
Per Olsen	5,348	5,348	0
Erik Larsen	4,612	4,612	0
Helle Lindhof Bjørnø	3,188	3,188	0
Bent Andersen	2,341	2,341	0
Kirsten Hede Nielsen	3,800	2,134	1,666
Otto Spliid	2,811	1,549	1,262
Mads Wallin	768	768	0

### Executive Board

Lars Petersson	24,466	14,865	9,601
Bruno Riis-Nielsen	8,024	8,024	0
Lars Bolding	17,000	8,000	9,000

Calculated inclusive of related parties. Sparekassen has not issued share options, warrants or convertible bonds to either the Board of Directors or the Executive Board.

# Notes

## Group 2020

Note	Amounts in DKK'000	Nominval value	Net market value	Positive market value	Negative market value
<b>40 Derivatives</b>					
<b>Currency contracts</b>					
Forward contracts, purchases	1,723	-1	0	1	
Forward contracts, sales	119,028	33	33	0	
Currency swaps	48,460	360	360	0	
Unsettled spot transactions, purchases	1,977	15	16	0	
Unsettled spot transactions, sales	2,981	-13	12	26	
<b>Interest rate contracts</b>					
Forward contracts, purchases	425,127	5,737	5,737	0	
Forward contracts, sales	425,322	-4,077	25	4,102	
Interest rate swaps	530,563	-2,347	23,019	25,366	
Unsettled spot transactions, certificates, purchases	34,572	243	244	0	
Unsettled spot transactions, certificates, sales	50,244	-136	8	144	
<b>Share contracts</b>					
Forward contracts, purchases	0	0	0	0	
Forward contracts, sales	0	0	0	0	
Unsettled spot transactions, purchases	1,762	-70	233	302	
Unsettled spot transactions, sales	1,762	91	316	225	
<b>Other derivative contracts</b>					
Options, acquired	0	0	0	0	
Options, issued	0	0	0	0	
<b>Total derivatives</b>	<b>1,643,521</b>	<b>-164</b>	<b>30,002</b>	<b>30,166</b>	

## Group 2019

Note	Amounts in DKK'000	Nominval value	Net market value	Positive market value	Negative market value
<b>40 Derivatives (continued)</b>					
<b>Currency contracts</b>					
Forward contracts, purchases	18,121	-274	58	332	
Forward contracts, sales	175,951	620	672	52	
Currency swaps	0	0	0	0	
Unsettled spot transactions, purchases	0	0	0	0	
Unsettled spot transactions, sales	0	0	0	0	
<b>Interest rate contracts</b>					
Forward contracts, purchases	358	1,688	1,857	169	
Forward contracts, sales	358	-293	320	613	
Interest rate swaps	478,147	-2,749	21,804	24,553	
Unsettled spot transactions, certificates, purchases	47,140	-45	85	130	
Unsettled spot transactions, certificates, sales	91,046	272	290	18	
<b>Share contracts</b>					
Forward contracts, purchases	0	0	0	0	
Forward contracts, sales	0	0	0	0	
Unsettled spot transactions, purchases	10,814	-93	63	156	
Unsettled spot transactions, sales	11,159	110	169	59	
<b>Other derivative contracts</b>					
Options, acquired	0	0	0	0	
Options, issued	0	0	0	0	
<b>Total derivatives</b>	<b>833,094</b>	<b>-764</b>	<b>25,318</b>	<b>26,082</b>	

**2020**      **2019**

The market value is recognised in the balance sheet at the following amounts for the Group

Other assets	30,002	25,318
Other liabilities	30,166	26,082

# Notes

## Sparekassen (Parent) 2020

Note	Amounts in DKK'000	Nominval value	Net market value	Positive market value	Negative market value
<b>40 Derivatives (continued)</b>					
<b>Currency contracts</b>					
	Forward contracts, purchases	1,723	-1	0	1
	Forward contracts, sales	119,028	33	33	0
	Currency swaps	48,460	360	360	0
	Unsettled spot transactions, purchases	1,977	15	16	0
	Unsettled spot transactions, sales	2,981	-13	12	26
<b>Interest rate contracts</b>					
	Forward contracts, purchases	425,127	5,737	5,737	0
	Forward contracts, sales	425,322	-4,077	25	4,102
	Interest rate swaps	530,563	-2,347	23,019	25,366
	Unsettled spot transactions, certificates, purchases	34,572	243	244	0
	Unsettled spot transactions, certificates, sales	50,244	-136	8	144
<b>Share contracts</b>					
	Forward contracts, purchases	0	0	0	0
	Forward contracts, sales	0	0	0	0
	Unsettled spot transactions, purchases	1,762	-70	233	302
	Unsettled spot transactions, sales	1,762	91	316	225
<b>Other derivative contracts</b>					
	Options, acquired	0	0	0	0
	Options, issued	0	0	0	0
	<b>Total derivatives</b>	<b>1,643,521</b>	<b>-164</b>	<b>30,002</b>	<b>30,166</b>

## Sparekassen (Parent) 2019

Note	Amounts in DKK'000	Nominval value	Net market value	Positive market value	Negative market value
<b>40 Derivatives (continued)</b>					
<b>Currency contracts</b>					
	Forward contracts, purchases	18,121	-274	58	332
	Forward contracts, sales	175,951	620	672	52
	Currency swaps	0	0	0	0
	Unsettled spot transactions, purchases	0	0	0	0
	Unsettled spot transactions, sales	0	0	0	0
<b>Interest rate contracts</b>					
	Forward contracts, purchases	358	1,688	1,857	169
	Forward contracts, sales	358	-293	320	613
	Interest rate swaps	478,147	-2,749	21,804	24,553
	Unsettled spot transactions, certificates, purchases	47,140	-45	85	130
	Unsettled spot transactions, certificates, sales	91,046	272	290	18
<b>Share contracts</b>					
	Forward contracts, purchases	0	0	0	0
	Forward contracts, sales	0	0	0	0
	Unsettled spot transactions, purchases	10,814	-93	63	156
	Unsettled spot transactions, sales	11,159	110	169	59
<b>Other derivative contracts</b>					
	Options, acquired	0	0	0	0
	Options, issued	0	0	0	0
	<b>Total derivatives</b>	<b>833,094</b>	<b>-764</b>	<b>25,318</b>	<b>26,082</b>

**2020**      **2019**

The market value is recognised in the balance sheet at the following amounts for Sparekassen (Parent)

Other assets	30,002	25,318
Other liabilities	30,166	26,082

# Notes

## Group 2020, Net market value

Note	Amounts in DKK'000	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
<b>40 Derivatives (continued)</b>						
<b>Currency contracts</b>						
Forward contracts, purchases	0	0	0	0	0	0
Forward contracts, sales	-33	0	0	0	-33	-33
Currency swaps	-360	0	0	0	-360	-360
Unsettled spot transactions, purchases	-13	0	0	0	-13	-13
Unsettled spot transactions, sales	11	0	0	0	11	11
<b>Interest rate contracts</b>						
Forward contracts, purchases	-5,556	-180	0	0	-5,736	-5,736
Forward contracts, sales	3,937	140	0	0	4,077	4,077
Interest rate swaps	0	0	529	1,818	2,347	2,347
Unsettled spot transactions, certificates, purchases	-243	0	0	0	-243	-243
Unsettled spot transactions, certificates, sales	136	0	0	0	136	136
<b>Share contracts</b>						
Forward contracts, purchases	0	0	0	0	0	0
Forward contracts, sales	0	0	0	0	0	0
Unsettled spot transactions, purchases	70	0	0	0	70	70
Unsettled spot transactions, sales	-91	0	0	0	-91	-91
<b>Other derivative contracts</b>						
Options, acquired	0	0	0	0	0	0
Options, issued	0	0	0	0	0	0
<b>Total derivatives</b>	<b>-2,143</b>	<b>-40</b>	<b>529</b>	<b>1,818</b>	<b>164</b>	

## Group 2019, Net market value

Note	Amounts in DKK'000	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
<b>40 Derivatives (continued)</b>						
<b>Forward contracts, purchases</b>						
Forward contracts, sales	-274	0	0	0	-274	-274
Currency swaps	620	0	0	0	620	620
Unsettled spot transactions, purchases	0	0	0	0	0	0
Unsettled spot transactions, sales	0	0	0	0	0	0
Uafviklede spotforretninger, salg	0	0	0	0	0	0
<b>Interest rate contracts</b>						
Forward contracts, purchases	1,391	297	0	0	1,688	1,688
Forward contracts, sales	-126	-167	0	0	-293	-293
Interest rate swaps	0	0	-818	-1,933	-2,751	-2,751
Unsettled spot transactions, certificates, purchases	-45	0	0	0	-45	-45
Unsettled spot transactions, certificates, sales	274	0	0	0	274	274
<b>Share contracts</b>						
Forward contracts, purchases	0	0	0	0	0	0
Forward contracts, sales	0	0	0	0	0	0
Unsettled spot transactions, purchases	-93	0	0	0	-93	-93
Unsettled spot transactions, sales	110	0	0	0	110	110
<b>Other derivative contracts</b>						
Options, acquired	0	0	0	0	0	0
Options, issued	0	0	0	0	0	0
<b>Total derivatives</b>	<b>1,857</b>	<b>130</b>	<b>-818</b>	<b>-1,933</b>	<b>-764</b>	

# Notes

## Sparekassen (Parent) 2020, Net market value

Note	Amounts in DKK'000	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
<b>40 Derivatives (continued)</b>						
<b>Currency contracts</b>						
Forward contracts, purchases	0	0	0	0	0	0
Forward contracts, sales	-33	0	0	0	-33	-33
Currency swaps	-360	0	0	0	-360	-360
Unsettled spot transactions, purchases	-13	0	0	0	-13	-13
Unsettled spot transactions, sales	11	0	0	0	11	11
<b>Interest rate contracts</b>						
Forward contracts, purchases	-5,556	-180	0	0	-5,736	-5,736
Forward contracts, sales	3,937	140	0	0	4,077	4,077
Interest rate swaps	0	0	529	1,818	2,347	2,347
Unsettled spot transactions, certificates, purchases	-243	0	0	0	-243	-243
Unsettled spot transactions, certificates, sales	136	0	0	0	136	136
<b>Share contracts</b>						
Forward contracts, purchases	0	0	0	0	0	0
Forward contracts, sales	0	0	0	0	0	0
Unsettled spot transactions, purchases	70	0	0	0	70	70
Unsettled spot transactions, sales	-91	0	0	0	-91	-91
<b>Other derivative contracts</b>						
Options, acquired	0	0	0	0	0	0
Options, issued	0	0	0	0	0	0
<b>Total derivatives</b>	<b>-2,143</b>	<b>-40</b>	<b>529</b>	<b>1,818</b>	<b>164</b>	<b>164</b>

## Sparekassen (Parent) 2019, Net market value

Note	Amounts in DKK'000	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
<b>40 Derivatives (continued)</b>						
<b>Currency contracts</b>						
Forward contracts, purchases	-274	0	0	0	-274	-274
Forward contracts, sales	620	0	0	0	620	620
Currency swaps	0	0	0	0	0	0
Unsettled spot transactions, purchases	0	0	0	0	0	0
Unsettled spot transactions, sales	0	0	0	0	0	0
<b>Interest rate contracts</b>						
Forward contracts, purchases	1,391	297	0	0	1,688	1,688
Forward contracts, sales	-126	-167	0	0	-293	-293
Interest rate swaps	0	0	-818	-1,933	-2,751	-2,751
Unsettled spot transactions, certificates, purchases	-45	0	0	0	-45	-45
Unsettled spot transactions, certificates, sales	274	0	0	0	274	274
<b>Share contracts</b>						
Forward contracts, purchases	0	0	0	0	0	0
Forward contracts, sales	0	0	0	0	0	0
Unsettled spot transactions, purchases	-93	0	0	0	-93	-93
Unsettled spot transactions, sales	110	0	0	0	110	110
<b>Other derivative contracts</b>						
Options, acquired	0	0	0	0	0	0
Options, issued	0	0	0	0	0	0
<b>Total derivatives</b>	<b>1,857</b>	<b>130</b>	<b>-818</b>	<b>-1,933</b>	<b>-764</b>	<b>-764</b>

# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>41</b>	<b>Cash and cash equivalents</b>				
	<b>Balance at beginning of year</b>				
	Cash and balances on demand at central banks	441,069	412,575	441,069	412,575
	Amounts owed by credit institutions and central banks	2,518,286	1,385,251	2,506,962	1,379,597
	<b>Total</b>	<b>2,959,355</b>	<b>1,797,826</b>	<b>2,948,031</b>	<b>1,792,172</b>
	<b>Balance at end of year</b>				
	Cash and balances on demand at central banks	480,569	441,069	480,568	441,069
	Amounts owed by credit institutions and central banks	4,813,420	2,518,286	4,802,377	2,506,962
	<b>Total</b>	<b>5,293,989</b>	<b>2,959,355</b>	<b>5,282,945</b>	<b>2,948,031</b>

Cash and cash equivalents comprise cash etc and unencumbered amounts owed by credit institutions and central banks with an original term to maturity of up to three months.

Note	Amounts in DKK'000	2020		2019	
		Fair value	Amortised cost	Fair value	Amortised cost
<b>42</b>	<b>Financial assets and liabilities, Group</b>				
	Financial assets and liabilities are recognised in the balance sheet either at fair value or at amortised cost. Below, the valuation method is disclosed for each line item.				
	<b>Financial assets</b>				
	Cash and balances on demand at central banks		480,569		441,069
	Amounts owed by credit institutions and central banks		4,813,419		2,540,933
	Loans and other amounts owed at amortised cost		11,951,447		12,217,237
	Bonds at fair value	5,849,380		6,591,480	
	Bonds at amortised cost		300,270		0
	Shares etc	566,946		693,719	
	Assets in pooled plans	2,081,881		1,770,777	
	Positive market value, derivatives	30,002		25,318	
	<b>Total financial assets</b>	<b>8,528,209</b>	<b>17,545,705</b>	<b>9,081,294</b>	<b>15,199,239</b>
	<b>Financial liabilities</b>				
	Amounts owed to credit institutions and central banks		558,383		525,436
	Deposits and other debt		20,000,941		18,699,583
	Deposits in pooled plans	2,081,881		1,770,777	
	Bonds issued at amortised cost		198,656		0
	Subordinated loan capital		569,669		673,141
	Negative market value, derivatives	30,166		26,082	
	<b>Total financial liabilities</b>	<b>2,112,047</b>	<b>21,327,649</b>	<b>1,796,859</b>	<b>19,898,160</b>



# Notes

## Note

### 42 Financial assets and liabilities, Group (continued)

#### Financial instruments recognised at fair value

Financial instruments are measured based on quoted prices in active markets (Level 1), on generally accepted valuation models with observable market data (Level 2) or on available data that are observable only to a limited extent (Level 3).

Measurement of financial instruments for which prices are quoted in active markets or which is based on generally accepted valuation models with observable market data is not subject to significant estimates.

For financial instruments, the measurement of which is based on available data that is only to a limited extent observable market data, such measurement is subject to estimation. Shares etc in Levels 2 and 3 primarily comprise unlisted shares in sector companies.

For unlisted shares in the form of shares in sector-owned companies where such shares are reallocated, such reallocation is considered to be the primary market of the shares. Fair value is determined as the reallocation price, and the shares are included as Level 2 input (observable prices).

For other unlisted shares in sector-owned companies for which observable input is not directly available, measurement is subject to estimates which include information from the companies' financial statements, experience from trading in shares in the relevant companies and input from a qualified third party. The industry association Lokale Pengeinstitutter (LOPI) recommends quarterly fair values of some of the so-called sector shares, meaning the shares held by the banks to participate actively in the infrastructure and the ranges of products supporting the business foundation of the sector. The prices recommended by LOPI are based on shareholders' agreements and transactions conducted in the sector.

Sparekassen makes an independent assessment of the prices recommended and verifies consistency with transactions conducted and financial statements published. Sparekassen estimates that alternative methods for measuring fair value of these shares will not lead to much different fair values.

Note	Amounts in DKK'000	Quoted prices (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	Total
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### 42

#### Financial assets and liabilities, Group (continued)

Fair value hierarchy for financial instruments measured at fair value in the balance sheet

	31. december 2020			
<b>Financial assets</b>				
Bonds at fair value	5,849,380	0	0	5,849,380
Shares etc	43,585	478,302	45,059	566,946
Assets in pooled plans	2,063,838	18,043	0	2,081,881
Derivatives	0	30,002	0	30,002
<b>Total financial assets</b>	<b>7,956,803</b>	<b>526,347</b>	<b>45,059</b>	<b>8,528,209</b>
<b>Financial liabilities</b>				
Deposits in pooled plans	0	2,081,881	0	2,081,881
Derivative financial liabilities	0	30,166	0	30,166
<b>Total financial liabilities</b>	<b>0</b>	<b>2,112,047</b>	<b>0</b>	<b>2,112,047</b>
	31. december 2019			
<b>Financial assets</b>				
Bonds at fair value	6,591,480	0	0	6,591,480
Shares etc	58,792	418,420	216,507	693,719
Assets in pooled plans	1,755,407	15,370	0	1,770,777
Derivatives	0	25,318	0	25,318
<b>Total financial assets</b>	<b>8,405,679</b>	<b>459,108</b>	<b>216,507</b>	<b>9,081,294</b>
<b>Financial liabilities</b>				
Deposits in pooled plans	0	1,770,777	0	1,770,777
Derivative financial liabilities	0	26,082	0	26,082
<b>Total financial liabilities</b>	<b>0</b>	<b>1,796,859</b>	<b>0</b>	<b>1,796,859</b>

# Notes

Note	Amounts in DKK'000	Group	
		2020	2019
<b>42</b>	<b>Financial assets and liabilities, Group (continued)</b>		
	<b>Financial instruments measured at fair value in the balance sheet based on Level 3</b>		
	Carrying amount at beginning of year	216,507	382,871
	Market value adjustments recognised in profit or loss in market value adjustments	-17,106	9,543
	Transferred from Level 1	0	0
	Purchases	15,013	77,845
	Sales	169,355	253,752
	<b>Carrying amount at end of year</b>	<b>45,059</b>	<b>216,507</b>
	Unrealised market value adjustments	-5,047	6,951
	<b>Sensitivity information</b>		
	If the actual market value varies by plus/minus 10% compared to fair value, this affects profit or loss by plus/minus	4,506	21,651

Sparekassen does not have data to perform a sensitivity analysis of the portfolio of investment unit certificates in Level 3. Investment unit certificates amount to DKK 4.3m (2018: DKK 186.2m) of the financial instruments measured at fair value in the balance sheet based on Level 3.

No financial instruments were transferred among the different levels. There are no financial instruments for which it has not been possible to measure fair value reliably. If the classification of a financial instrument has changed compared to the beginning of the financial period, such change is deemed to have taken place at the end of the financial period.

Note	Amounts in DKK'000	Balance at beginning of year	Cash flows	Accrual of initial expenses	Balance at end of year
<b>42</b>	<b>Finansielle aktiver og forpligtelser, Group (fortsat)</b>				
	<b>Funding activity</b>				
	<b>2020</b>				
	Bonds issued at amortised cost	0	200,000	-1,344	198,656
	Subordinated loan capital	673,141	-105,000	1,528	569,669
	Hybrid core capital	376,000	0	0	376,000
	<b>Total liabilities related to funding activity</b>	<b>1,049,141</b>	<b>-105,000</b>	<b>1,528</b>	<b>945,669</b>
	<b>2019</b>				
	Subordinated loan capital	454,499	220,000	-1,358	673,141
	Hybrid core capital	376,000	0	0	376,000
	<b>Total liabilities related to funding activity</b>	<b>830,499</b>	<b>220,000</b>	<b>-1,358</b>	<b>1,049,141</b>

Sparekassen wants to be independent of external funding in the form of market financing, and, in its business model, it attaches importance to deposits funding loans and advances.

# Notes

## Note

### 42 Financial assets and liabilities, Group (continued)

#### Financial instruments recognised at amortised cost

The predominant portion of the Group's receivables, loans and advances and deposits cannot be transferred without the customers' prior consent, and no active market exists for trading in such financial instruments. Fair value estimates are based on factors where changes have occurred in market conditions subsequent to initial recognition of the instrument that are of relevance to the price which would have been agreed had the terms and conditions been agreed on the balance sheet date. Other parties might reach another amount for such estimates.

The data on fair value of financial instruments recognised at amortised cost is based on the following assessments:

- If a quoted market price exists for a financial instrument, such price is used. This is the case for bonds measured at amortised cost.
- For some of the Group's deposits and loans and advances etc, the interest rate relies on developments in interest rates. Therefore, the fair value is essentially deemed to be consistent with the carrying amount.
- The fair value of loans and advances has been determined based on an informed estimate that is built on the Group regularly changing its loan covenants to match current market conditions. For loans and advances, the impairment losses recognised are considered to correspond to fair value adjustments of the credit risk. The difference relative to fair values is composed entirely of fees and commission received but not recognised.
- Fair value of amounts owed by credit institutions and central banks is determined using the same method as for loans and advances.
- The fair value of deposits, bonds issued and subordinated loan capital is deemed to be equivalent, in all material respects, with the carrying amount.

Note	Amounts in DKK'000	2020		2019	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>42 Financial assets and liabilities, Group (continued)</b>					
Financial instruments recognised at amortised cost, disclosure of fair values					
<b>Financial assets</b>					
	Cash and balances on demand at central banks	480,569	480,569	441,069	441,069
	Amounts owed by credit institutions and central banks	4,813,419	4,813,419	2,540,933	2,540,933
	Loans and other amounts owed at amortised cost	11,951,447	12,010,034	12,217,237	12,273,683
	Bonds at amortised cost	300,270	300,295	0	0
	<b>Total financial assets</b>	<b>17,545,705</b>	<b>17,604,317</b>	<b>15,199,239</b>	<b>15,255,685</b>
<b>Financial liabilities</b>					
	Amounts owed to credit institutions and central banks	558,383	558,383	525,436	525,436
	Deposits and other debt	20,000,941	20,000,941	18,699,583	18,699,583
	Bonds issued at amortised cost	198,656	198,656	0	0
	Subordinated loan capital	569,669	569,669	673,141	673,141
	<b>Total financial liabilities</b>	<b>21,327,649</b>	<b>21,327,649</b>	<b>19,898,160</b>	<b>19,898,160</b>

# Notes

Note	Amounts in DKK'000	Fair value recognised in profit or loss		Amortised cost		Total
		Trading portfolio	Fair value option	Assets	Liabilities	
<b>42 Financial assets and liabilities, Group (continued)</b>						
<b>Return on and classification of financial assets and liabilities - Group 2020</b>						
<b>Return</b>						
	Interest income	60,136	0	508,479	58,212	626,827
	Interest expenses	8,847	0	14,671	46,416	69,934
	Net interest income	51,289	0	493,808	11,796	556,893
	Dividend on shares etc	28,994	0	0	0	28,994
	Market value adjustments	88,363	-61,891	0	0	26,472
	<b>Total return</b>	<b>168,646</b>	<b>-61,891</b>	<b>493,808</b>	<b>11,796</b>	<b>612,359</b>
<b>Financial assets</b>						
	Cash and balances on demand at central banks	0	0	480,569	0	480,569
	Amounts owed by credit institutions and central banks	0	0	4,813,419	0	4,813,419
	Loans and advances at amortised cost	0	0	11,951,447	0	11,951,447
	Bonds at fair value	5,849,380	0	0	0	5,849,380
	Bonds at amortised cost	0	0	300,270	0	300,270
	Shares etc	566,946	0	0	0	566,946
	Derivatives	30,002	0	0	0	30,002
	Assets in pooled plans	2,081,881	0	0	0	2,081,881
	<b>Total financial assets</b>	<b>8,528,209</b>	<b>0</b>	<b>17,545,705</b>	<b>0</b>	<b>26,073,914</b>
<b>Financial liabilities</b>						
	Amounts owed to credit institutions and central banks	0	0	0	558,383	558,383
	Deposits	0	0	0	20,000,941	20,000,941
	Bonds issued at amortised cost	0	0	0	198,656	198,656
	Subordinated loan capital	0	0	0	569,669	569,669
	Derivatives	30,166	0	0	0	30,166
	Deposits in pooled plans	0	2,081,881	0	0	2,081,881
	<b>Total financial liabilities</b>	<b>30,166</b>	<b>2,081,881</b>	<b>0</b>	<b>21,327,649</b>	<b>23,439,696</b>

# Notes

Note	Amounts in DKK'000	Fair value recognised in profit or loss		Amortised cost		Total
		Trading portfolio	Fair value option	Assets	Liabilities	
<b>42 Financial assets and liabilities, Group (continued)</b>						
<b>Return on and classification of financial assets and liabilities - Group 2019</b>						
<b>Return</b>						
	Interest income	74,434	0	539,853	11,931	616,195
	Interest expenses	10,023	0	7,617	43,851	51,468
	Net interest income	64,411	0	532,236	-31,920	564,727
	Dividend on shares etc	24,935	0	0	0	24,935
	Market value adjustments	153,016	-181,485	0	0	-28,469
	<b>Total return</b>	<b>242,362</b>	<b>-181,485</b>	<b>532,236</b>	<b>-31,920</b>	<b>561,193</b>
<b>Financial assets</b>						
	Cash and balances on demand at central banks	0	0	441,069	0	441,069
	Amounts owed by credit institutions and central banks	0	0	2,540,933	0	2,540,933
	Loans and advances at amortised cost	0	0	12,217,237	0	12,217,237
	Bonds at fair value	6,591,480	0	0	0	6,591,480
	Shares etc	693,719	0	0	0	693,719
	Derivatives	25,318	0	0	0	25,318
	Assets in pooled plans	1,770,777	0	0	0	1,770,777
	<b>Total financial assets</b>	<b>9,081,291</b>	<b>0</b>	<b>15,199,239</b>	<b>0</b>	<b>24,280,533</b>
<b>Financial liabilities</b>						
	Amounts owed to credit institutions and central banks	0	0	0	525,436	525,436
	Deposits	0	0	0	18,699,583	18,699,583
	Bonds issued at amortised cost	0	0	0	0	0
	Subordinated loan capital	0	0	0	673,141	673,141
	Derivatives	26,082	0	0	0	26,082
	Deposits in pooled plans	0	1,770,777	0	0	1,770,777
	<b>Total financial liabilities</b>	<b>26,082</b>	<b>1,770,777</b>	<b>0</b>	<b>19,898,160</b>	<b>21,695,019</b>

# Notes

## Note

### 43 Financial risks and financial risk management policies and objectives

#### Risk management

Sparekassen assumes different risks as part of carrying on financial business and other related activities. The most significant types of risk are credit risk, market risk, liquidity risk and operational risk.

The Board of Directors defines Sparekassen's risk policy and the framework for the risk areas that Sparekassen is engaged in. The Executive Board provides the framework for each division's and employee's powers in carrying on the day-to-day operations. The objective of this overall policy is that, with strong control of risks assumed, Sparekassen will have earnings and hence equity to secure future operations.

Sparekassen only wants to participate in the funding of business that it understands and can comprehend from an advisory perspective. Generally, Sparekassen wants to have a risk profile at portfolio level that is at the lower range compared to its competitors.

Sparekassen does not want to help fund business with an excessive risk profile, speculative projects or leveraged investment activities. In credit granting, Sparekassen has adopted an ethical profile.

Sparekassen has appointed an independent risk manager who is responsible for risk management taking place in an appropriate manner, which includes providing an overview of Sparekassen's risk exposures and total risk profile. The Risk Manager's area of responsibility comprises Sparekassen's risky assets across risk areas and organisational units as well as risks arising from outsourced areas. The Risk Manager reports to the Executive Board.

The types of risk and management thereof are described below.

#### Credit risk

Credit risk is the risk of losses resulting from debtors' non-performance of payment obligations towards Sparekassen.

#### Credit policy and management as well as collateral

Sparekassen's credit risks are managed according to policies and frameworks laid down by Management. The credit policy stipulates, for example, that a sound spread must exist between lending to private customers and corporate customers and, within these groups, also a sound spread of exposure amounts and industries. The credit policy is regularly adjusted to current conditions. Sparekassen grants loans and advances to Danish private customers and small and medium-sized enterprises placed geographically in Zealand, Funen and the metropolitan area. Sparekassen's loans, advances and guarantee debtors by sector and industry are disclosed in note 14.

## Note

### 43 Financial risks and financial risk management policies and objectives (continued)

Credit risks are managed at single customer level when loans or advances are authorised and on an ongoing basis with particular focus on exposures deemed risky. Various data which forms part of the overall basis for decision is obtained for each credit assessment. This data includes finance and accounting data, budgets, disposable income, collateral offered, supplementary comments by the customer advisor, previous credits authorised, etc.

When trading in securities, currencies and derivatives as well as in relation to payment services etc, exposures arise towards financial counterparties in the form of settlement risk or credit risk. Management authorises lines on settlement risk and credit risk towards financial counterparties, based on each counterparty's risk profile. Risks and lines on financial counterparties are monitored on an ongoing basis.

Sparekassen's primary objective of the individual assessment of the customer is to decide whether they have the necessary debt servicing capabilities and the will to repay their loans to the mortgage bank, Sparekassen and any other creditors. We use this assessment to decide whether collateral must be provided in part or in full or whether the loan may be granted without providing collateral. Provision of collateral is required to hedge the risk of the ability to pay failing for unforeseen reasons. Our experience with the customer, our knowledge of their finances and their sensitivity to external influences play a vital role in the assessment.

Sparekassen seeks to reduce exposure risk by obtaining collateral in the form of mortgages on debtors' assets.

Security is usually granted through mortgage on property, movables and/or claims. In addition, security may be provided by way of enterprises' shares, letter of subordination and recourse guarantee.

The value of the collateral provided is monitored on an ongoing basis. If risk increases, collateral is assessed even more critically. The value is assessed as realisable value net of any costs of realisation. The assessment of collateral on rental properties is based on publicly available information about returns on similar properties.

Corporate exposures are reassessed at least annually based on the customer's latest financial statements and outlook compared to economic trends and conditions in general in the customer's industry.

The individual solvency requirement per exposure is calculated on a quarterly basis for exposures exceeding 2% of capital resources.

If the customer's creditworthiness is impaired, it is important to identify this as quickly as possible in order to be able to take the necessary steps to provide for any losses. Therefore, Sparekassen's credit exposures for both corporate customers and private customers are monitored and followed up on a regular basis. Each exposure is segmented based on credit quality, and weak exposures are placed in special credit segments.

# Notes

## Note

### 43 Financial risks and financial risk management policies and objectives (continued)

#### Impairment charges

In reviewing for impairment, all exposures exceeding 2% of capital resources and all other exposures with objective evidence of impairment are reviewed.

Stage 1 and Stage 2 customers/facilities are written down for impairment using a portfolio model calculation.

The impairment model is based on the expected loss model and entails that, on initial recognition, a financial asset is written down by an amount equivalent to the expected credit loss over a 12-month period (Stage 1). If, subsequently, credit risk has increased significantly since initial recognition, the asset is written down by an amount equivalent to the expected credit loss over the remaining maturity period of the asset (Stage 2). If the value of the asset is credit-impaired (Stage 3), the asset will continue to be written down by an amount equivalent to the expected credit loss over the remaining maturity period of the asset, which amount will be exceeded that in Stage 2, and interest income is recognised in profit or loss applying the effective interest method to the amount written down.

Loans, advances and guarantees etc by exposure category/stage are evident from a table below in this note.

#### Non-performing loans

If the above ongoing monitoring identifies a credit exposure as weak, then that exposure will be placed in a special credit segment, as mentioned above. Then an individual action plan is designed to have the exposure back on track. Sparekassen makes a great effort to identify these exposures as early as possible in the process. On the one hand, it is easier to help the customer get on their feet again, and, on the other hand, it may reduce possible losses suffered by Sparekassen. The aim of the action plan is to re-transfer the customer to a higher-rated credit segment. If, for different reasons, it is not possible to keep to the action plan, and there is no appropriate and sustainable solution to the matter, the next step is debt collection. If it turns out that the claim is irrecoverable after having performed the debt collection procedure, the exposure is written off.

Exposures written off will be taken up again before any legal time limitation arises in order to determine whether the debtor has partially or fully regained their ability to pay.

Exposures placed for collection are managed by a separate entity at Sparekassen's head office.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

### 43 Financial risks and financial risk management policies and objectives (continued)

#### Maximum credit exposure

The Group's and Sparekassen's credit exposure is composed of selected on-balance sheet and off-balance sheet items.

<b>Credit exposure on lending activities</b>				
<b>On-balance sheet items</b>				
Amounts owed by credit institutions and central banks	4,813,419	2,540,933	4,802,377	2,529,609
Loans and other amounts owed at amortised cost	11,951,447	12,217,237	12,070,441	12,305,355
<b>Off-balance sheet items</b>				
Guarantees	7,125,788	6,737,755	7,148,388	6,760,355
Undrawn credit lines	5,345,431	4,953,474	5,434,615	5,042,016
<b>Credit exposure on lending activities</b>	<b>29,236,085</b>	<b>26,449,399</b>	<b>29,455,821</b>	<b>26,637,335</b>
<b>Credit exposure on trading and investment activities</b>				
<b>On-balance sheet items</b>				
Bonds at fair value	5,849,380	6,591,480	5,849,380	6,591,480
Bonds at amortised cost	300,270	0	300,270	0
Shares etc	566,946	693,719	566,946	693,719
Positive value of derivatives	30,002	25,318	30,002	25,318
<b>Credit exposure on trading and investment activities</b>	<b>6,746,598</b>	<b>7,310,517</b>	<b>6,746,598</b>	<b>7,310,517</b>
<b>Total credit exposure</b>	<b>35,982,683</b>	<b>33,759,916</b>	<b>36,202,419</b>	<b>33,947,852</b>

The risk exposure on loans, advances and guarantees etc is reduced through the provision of collateral in the form of a mortgage on real property, movables, securities and guarantees etc.

# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

## 43 Financial risks and financial risk management policies and objectives (continued)

The table below shows nominal values of collateral. This means the value of the nominal mortgage without any reduction. It may be relevant to reduce the value of the mortgage if the actual value of an asset will not suffice to ensure full value from a mortgage if realised. So the individual exposures may hold unsecured elements. Collateral is typically provided when a loan is set up. As a loan is settled, some cases may see security excess cover. Conversely, there may also be exposures where the value of any collateral provided will not cover the current debt.

The table shows total nominal collateral relative to total loans and advances. The actual value of the collateral is disclosed below the table.

### Collateral received

Collateral by type:	2020	2019	2020	2019
Charge on real property	14,430,133	14,370,974	14,308,120	14,234,594
Charge on movables etc	4,921,387	4,798,245	4,383,696	4,330,066
Securities accounts and bank deposits	386,118	298,399	386,118	298,399
Other collateral	24,609	23,170	24,609	23,170
<b>Total collateral</b>	<b>19,762,247</b>	<b>19,490,788</b>	<b>19,102,543</b>	<b>18,886,229</b>
Value of collateral	15,227,442	13,551,803	14,567,738	12,937,246

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

## 43 Financial risks and financial risk management policies and objectives (continued)

### Concentration risk

Net of particularly secure claims, exposures with customers or groups of inter-connected customers must not exceed 25% of capital resources in accordance with Article 395 of the Capital Requirements Regulation. The Group has not had exposures exceeding the limits laid down in Article 395.

### Concentration risk on large exposures accounting for 10% or more of capital resources

#### Credit institutions

Credit exposure net of deductions	670,268	688,212	1,604,839	1,512,507
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#### Other business

Credit exposure net of deductions	0	0	0	0
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More than 20% of capital resources	670,268	688,212	1,604,839	1,512,507
15-20% of capital resources	0	0	0	0
10-15% of capital resources	0	0	0	0

#### Number of large exposures

Credit institutions before deductions	4	5	5	6
Other business before deductions	1	1	2	2

Sparekassen has focus on avoiding concentration of risk and minimising the risk on large single exposures. The exposures were set up after carefully assessing that appropriate risk and collateral exist.



# Notes

Note	Amounts in DKK'000	Group		
		Credit exposure before write-down for impairment	Collateral	Unsecured

## 43 Financial risks and financial risk management policies and objectives (continued)

Stage 3 credit exposures written down, by sector

### 2020

Agriculture	56,676	29,648	27,028	20,667
Financing and insurance	48,632	3,709	44,923	29,903
Real property	159,537	112,238	47,300	54,239
Other business	267,636	185,195	82,440	97,304
Private	336,767	143,205	193,562	182,440
<b>Total</b>	<b>869,247</b>	<b>473,994</b>	<b>395,253</b>	<b>384,554</b>

Credit exposures written down, by sector

### 2019

Agriculture	88,875	38,061	50,814	49,631
Financing and insurance	9,184	1,925	7,259	5,492
Real property	251,334	154,145	97,189	88,959
Other business	382,427	179,241	203,186	173,912
Private	386,780	147,148	239,631	217,101
<b>Total</b>	<b>1,118,600</b>	<b>520,521</b>	<b>598,079</b>	<b>535,096</b>

Note	Amounts in DKK'000	Sparekassen (Parent)		
		Credit exposure before write-down for impairment	Collateral	Unsecured

## 43 Financial risks and financial risk management policies and objectives (continued)

Stage 3 credit exposures written down, by sector

### 2020

Agriculture	55,829	29,232	26,597	20,236
Financing and insurance	48,632	3,709	44,923	29,903
Real property	155,335	109,196	46,140	53,079
Other business	258,382	179,520	78,861	93,725
Private	320,059	128,497	191,562	180,440
<b>Total</b>	<b>838,236</b>	<b>450,153</b>	<b>388,083</b>	<b>377,384</b>

Credit exposures written down, by sector

### 2019

Agriculture	86,338	35,879	50,459	49,276
Financing and insurance	9,076	1,817	7,259	5,492
Real property	241,529	148,790	92,739	84,509
Other business	370,859	171,153	199,706	170,432
Private	367,291	131,809	235,481	212,951
<b>Total</b>	<b>1,075,093</b>	<b>489,449</b>	<b>585,644</b>	<b>522,661</b>

# Notes

## Group

Note	Amounts in DKK'000	Stage 1	Stage 2	Stage 3	Total
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### 43 Financial risks and financial risk management policies and objectives (continued)

Loans, advances and guarantees etc by exposure category/stage

2020

Category 1: Exposures with substantial weaknesses	490,212	502,054	947,186	1,939,452
Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	5,916,782	1,179,254	1,677	7,097,713
Category 3: Exposures with normal credit quality	10,528,691	230,060	1,248	10,760,000
<b>Total loans, advances and guarantees etc</b>	<b>16,935,686</b>	<b>1,911,368</b>	<b>950,112</b>	<b>19,797,165</b>

Committed facilities and undrawn credit lines by exposure category/stage

2020

Category 1: Exposures with substantial weaknesses	52,085	85,177	105,561	242,823
Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	1,130,010	309,360	0	1,439,370
Category 3: Exposures with normal credit quality	3,630,465	32,750	23	3,663,238
<b>Total committed facilities and undrawn credit lines</b>	<b>4,812,560</b>	<b>427,287</b>	<b>105,584</b>	<b>5,345,431</b>

Category 1 comprises customers whose future finances are subject to great uncertainty and great uncertainty exists as to whether the customer will be able to honour their payment obligations should any negative unforeseen events occur,

Category 2 comprises customers whose finances are weak due to below-standard disposable income, negative assets or other financial vulnerabilities,

## Sparekassen (Parent)

Note	Amounts in DKK'000	Stage 1	Stage 2	Stage 3	Total
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### 43 Financial risks and financial risk management policies and objectives (continued)

Loans, advances and guarantees etc by exposure category/stage

2020

Category 1: Exposures with substantial weaknesses	406,078	474,554	930,003	1,810,634
Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	5,765,495	1,149,774	983	6,916,251
Category 3: Exposures with normal credit quality	11,000,769	188,595	118	11,189,483
<b>Total loans, advances and guarantees etc</b>	<b>17,172,341</b>	<b>1,812,923</b>	<b>931,104</b>	<b>19,916,368</b>

Committed facilities and undrawn credit lines by exposure category/stage

2020

Category 1: Exposures with substantial weaknesses	52,085	85,177	105,561	242,823
Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	1,130,010	309,360	0	1,439,370
Category 3: Exposures with normal credit quality	3,719,649	32,750	23	3,752,422
<b>Total committed facilities and undrawn credit lines</b>	<b>4,901,745</b>	<b>427,287</b>	<b>105,584</b>	<b>5,434,615</b>

Category 1 comprises customers whose future finances are subject to great uncertainty and great uncertainty exists as to whether the customer will be able to honour their payment obligations should any negative unforeseen events occur,

Category 2 comprises customers whose finances are weak due to below-standard disposable income, negative assets or other financial vulnerabilities,

# Notes

Note	Amounts in DKK'000	Group			Total
		Stage 1	Stage 2	Stage 3	

## 43 Financial risks and financial risk management policies and objectives (continued)

### Loans, advances and guarantees etc by exposure category/stage

#### 2019

Category 1: Exposures with substantial weaknesses	576,975	563,260	1,228,417	2,368,652
Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	5,151,679	1,269,350	63,527	6,484,555
Category 3: Exposures with normal credit quality	10,383,499	426,871	13,406	10,823,776
<b>Total loans, advances and guarantees etc</b>	<b>16,112,152</b>	<b>2,259,481</b>	<b>1,305,349</b>	<b>19,676,983</b>

### Committed facilities and undrawn credit lines by exposure category/stage

#### 2019

Category 1: Exposures with substantial weaknesses	37,394	77,942	53,976	169,313
Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	870,813	252,097	2,322	1,125,231
Category 3: Exposures with normal credit quality	3,589,503	67,343	2,084	3,658,930
<b>Total committed facilities and undrawn credit lines</b>	<b>4,497,710</b>	<b>397,382</b>	<b>58,382</b>	<b>4,953,474</b>

Category 1 comprises customers whose future finances are subject to great uncertainty and great uncertainty exists as to whether the customer will be able to honour their payment obligations should any negative unforeseen events occur,

Category 2 comprises customers whose finances are weak due to below-standard disposable income, negative assets or other financial vulnerabilities,

Note	Amounts in DKK'000	Sparekassen (Parent)			Total
		Stage 1	Stage 2	Stage 3	

## 43 Financial risks and financial risk management policies and objectives (continued)

### Loans, advances and guarantees etc by exposure category/stage

#### 2019

Category 1: Exposures with substantial weaknesses	524,242	541,630	1,204,587	2,270,459
Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	5,043,037	1,236,550	59,195	6,338,782
Category 3: Exposures with normal credit quality	10,750,022	392,411	10,176	11,152,609
<b>Total loans, advances and guarantees etc</b>	<b>16,317,301</b>	<b>2,170,591</b>	<b>1,273,958</b>	<b>19,761,850</b>

### Committed facilities and undrawn credit lines by exposure category/stage

#### 2019

Category 1: Exposures with substantial weaknesses	37,394	77,942	53,976	169,313
Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	870,813	252,097	2,322	1,125,231
Category 3: Exposures with normal credit quality	3,678,045	67,343	2,084	3,747,471
<b>Total committed facilities and undrawn credit lines</b>	<b>4,586,252</b>	<b>397,382</b>	<b>58,382</b>	<b>5,042,015</b>

Category 1 comprises customers whose future finances are subject to great uncertainty and great uncertainty exists as to whether the customer will be able to honour their payment obligations should any negative unforeseen events occur,

Category 2 comprises customers whose finances are weak due to below-standard disposable income, negative assets or other financial vulnerabilities,

# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019
<b>43 Financial risks and financial risk management policies and objectives (continued)</b>					
Loans with zero interest rates					
Loans with zero interest rates <sup>1)</sup>		132,502	157,555	124,509	148,779
Thereof, written down for impairment		66,126	80,426	64,161	77,879
<b>On-balance sheet loans with zero interest rates</b>		<b>66,376</b>	<b>77,129</b>	<b>60,348</b>	<b>70,900</b>

1) Loans with zero interest rates before write-downs

Note	Amounts in DKK'000	2020		2019	
		Credit exposure before write-down for impairment	Write-down for impairment	Credit exposure before write-down for impairment	Write-down for impairment

## 43 Financial risks and financial risk management policies and objectives (continued)

### Credit exposures written down for impairment

The allocation of write-downs for impairment by stage is evident from note 11. For the Group, interest on financial assets written down for impairment amounted to DKK 20,000k in 2020 (2019: 27,868k) and is included in the line item "Impairment losses on loans and advances etc".

Stage 3 loans and advances, receivables and guarantees were subjected to individual write-down for impairment for the reasons stated below.

<b>Group</b>				
Bankruptcy	76,694	26,043	70,260	43,054
Debt collection and suspension of payments	58,218	45,736	51,895	35,669
Other financial difficulties	734,335	312,774	983,348	456,372
<b>Total</b>	<b>869,247</b>	<b>384,553</b>	<b>1,105,503</b>	<b>535,096</b>
Value of collateral	473,994		507,423	
<b>Sparekassen (Parent)</b>				
Bankruptcy	75,272	24,982	68,711	41,631
Debt collection and suspension of payments	56,417	45,456	49,419	34,769
Other financial difficulties	706,547	306,945	956,963	446,260
<b>Total</b>	<b>838,236</b>	<b>377,383</b>	<b>1,075,093</b>	<b>522,661</b>
Value of collateral	450,153		489,448	

# Notes

## Note

### 43 Financial risks and financial risk management policies and objectives (continued)

#### Market risk

Market risk is the risk that the market value of Sparekassen's assets and/or equity and liabilities changes as a result of changes in market conditions. Market risk covers interest rate risk, share price exposure and currency risk.

The Board of Directors lays down the overall policies, framework and principles for managing market risk. The Board of Directors defines the framework for the Executive Board who then delegates frameworks to the individual employees.

The Finance Department is responsible for determining and reporting market risks to the Board of Directors and the Executive Board. The Board of Directors and the Executive Board are every month informed about the frameworks set up and are provided with a report on any overruns.

#### Interest rate risk

Interest rate risk is measured as the expected loss on interest rate positions that would result from an immediate upward or downward change in all interest rates by 1 percentage point.

Sparekassen's interest rate risk arises from fixed-rate loans, bonds, deposits, subordinated loan capital and bonds issued. Financial derivatives are used to a limited extent to hedge interest rate risk. The interest rate risk constitutes the largest element of Sparekassen's market risk and is reported every month to the Board of Directors and the Executive Board.

According to Sparekassen's internal rules, the maximum total interest rate risk must not exceed 5% of core capital net of deductions.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

### 43 Financial risks and financial risk management policies and objectives (continued)

The table below shows interest rate risk specified by currency, product and duration.

<b>Total interest rate risk</b>	<b>1,817</b>	<b>6,283</b>	<b>-3,793</b>	<b>99</b>
Interest rate risk as a percentage of core capital net of deductions	0,1	0,2	-0,1	0,0
<b>Interest rate risk by high-risk currency</b>				
DKK	1,729	5,331	-3,881	-853
EUR	209	1,082	209	1,082
USD	-121	-130	-121	-130
CHF	0	0	0	0
SEK	0	0	0	0
Other currencies	0	0	0	0
<b>Interest rate risk by product</b>				
<b>Assets</b>				
Amounts owed by credit institutions and central banks	0	0	0	0
Loans and advances etc	6,511	7,401	901	1,217
Shares	33,600	0	33,600	0
Bonds	0	40,859	0	40,859
<b>Equity and liabilities</b>				
Deposits	0	-11	0	-11
Bonds issued	-8,338	0	-8,338	0
Subordinated loan capital	-19,026	-26,361	-19,026	-26,361
Hybrid core capital	-10,359	-14,971	-10,359	-14,971
<b>Derivatives</b>				
Interest rate and currency swaps	-547	-634	-547	-634
Other derivatives	-25	0	-25	0
<b>Total</b>	<b>1,817</b>	<b>6,283</b>	<b>-3,793</b>	<b>99</b>

# Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

## 43 Financial risks and financial risk management policies and objectives (continued)

### Interest rate risk by modified duration range

0-3 months	2,179	1,706	2,213	1,739
3-6 months	469	161	455	143
6-12 months	833	1,508	741	1,426
1-2 years	1,115	7,262	672	6,711
2-3.6 years	-18,702	-669	-20,322	-1,674
More than 3.6 years	15,923	-3,685	12,448	-8,246
<b>Total</b>	<b>1,817</b>	<b>6,283</b>	<b>-3,793</b>	<b>99</b>

### Share price exposure

According to Sparekassen's internal rules, shares exclusive of equity investments and sector shares must account for no more than 5% of core capital net of deductions. Holdings in one company must not exceed 4.5% of core capital net of deductions. Sparekassen also has a non-trading book of shares in sector companies where Sparekassen, together with other financial institutions, has acquired shares in a number of sector companies. The objective of these sector companies is to support the financial institutions' activities in terms of mortgage financing, payment services, IT, investment funds, etc.

### Shareholding broken down

Listed shares etc	43,808	58,792	43,808	58,792
Other equity investments etc	26,218	217,202	26,218	217,202
Shares in sector-owned enterprises	496,920	417,725	496,920	417,725
<b>Total shareholding</b>	<b>566,946</b>	<b>693,719</b>	<b>566,946</b>	<b>693,719</b>

Shares exclusive of equity investments and sector shares as a percentage of core capital net of deductions	1.4	2.1	1.4	2.1
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### Sensitivity to share price exposure

If the actual market value varies by plus/minus 10% compared to fair value, this affects profit or loss (after tax) by plus/minus	44,222	54,110	44,222	54,110
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Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2020	2019	2020	2019

## 43 Financial risks and financial risk management policies and objectives (continued)

### Currency risk

According to Sparekassen's internal rules, the maximum currency indicator for euro must not exceed 10% of core capital net of deductions, and for other currencies it must not exceed 3% of core capital net of deductions.

Assets denominated in foreign currencies (long net positions)	1,866	5,589	1,866	5,589
Equity and liabilities denominated in foreign currencies (short net positions)	39,857	17,819	39,857	17,819
Currency indicator 1	39,857	17,819	39,857	17,819
Currency indicator 1 as a percentage of core capital net of deductions	1.3	0.6	1.3	0.6
Currency indicator 2	468	439	468	439
Currency indicator 2 as a percentage of core capital net of deductions	0.0	0.0	0.0	0.0
Currency indicator 1 for euro as a percentage of core capital net of deductions	0.0	0.0	0.0	0.0
Currency indicator 1 for other currencies as a percentage of core capital net of deductions	1.3	0.6	1.3	0.6

# Notes

## Note

### 43 Financial risks and financial risk management policies and objectives (continued)

#### Liquidity risk

Liquidity risk is the risk caused by the inability to obtain the necessary funding to cover the liquidity needs.

Sparekassen regularly reviews its cash resources to ensure that liquidity is always adequate to ensure both a satisfactory excess cover relative to legal requirements and funding of expected growth. This regular assessment of liquidity includes a number of stress tests under which liquidity for at least 12 months ahead is subjected to testing. In addition to raising liquidity through equity financing and deposits by customers, liquidity is raised by obtaining subordinated loan capital, issuance of bonds, borrowing, lines on the money market and irrevocable loan commitments.

The liquidity benchmark has a threshold of 100% and has been calculated at 456% for the Group at 31 December 2020. (2019: 383 %)

The benchmark is an extension of the LCR requirement. Where the LCR requirement covers a 30-day period, the benchmark covers a three-month period where it must be possible to cover the largest expected cash outflow calculated for each of the three months. With respect to the calculation of LCR, it is, for example, possible to include multiple types of liquid assets in the calculation of the liquidity buffer.

## Group

Note	Amounts in DKK'000	Carrying amount	Contractual cash flows	Up to 1 year	From 1 year to 5 years	More than 5 years
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### 43 Financial risks and financial risk management policies and objectives (continued)

#### Contractual maturities of financial liabilities

#### 2020

##### Non-derivative financial liabilities

Amounts owed to credit institutions and central banks	558,383	558,383	558,383	0	0
Deposits and other debt	20,000,941	20,000,941	19,114,320	153,307	733,314
Deposits in pooled plans	2,081,881	2,081,881	187,038	73,026	1,821,817
Bonds issued at amortised cost	198,656	198,656	0	198,656	0
Subordinated loan capital	569,669	573,000	0	0	573,000
Guarantees	7,125,788	7,125,788	3,192,881	740,843	3,192,064
Undrawn credit lines	0	5,345,431	5,345,431	0	0

#### 2019

##### Non-derivative financial liabilities

Amounts owed to credit institutions and central banks	525,436	525,436	524,370	640	426
Deposits and other debt	18,699,583	18,699,583	17,414,827	150,451	1,134,305
Deposits in pooled plans	1,770,777	1,770,777	101,636	43,883	1,625,259
Subordinated loan capital	673,141	678,000	0	0	678,000
Guarantees	6,737,755	6,737,755	3,301,178	510,939	2,925,638
Undrawn credit lines	0	4,953,474	4,953,474	0	0

The maturity analysis shows the contractual cash flows and comprises repayments agreed on the principal, but not interest.

Payments on guarantees mature when a number of predetermined conditions have been fulfilled. Such payment obligations are included at the time of expiry of the agreements.

Undrawn credit lines may be revoked at three months' notice.

The above break-down by maturity has been made based on the earliest time at which it is possible to demand payment of an amount.

# Notes

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## Note

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### 43 Financial risks and financial risk management policies and objectives (continued)

#### Operational risk

Operational risk is the risk of losses resulting from inappropriate or inadequate internal processes, human errors or actions, system errors or from external events, including legal risks.

Operational risk is also the risk of Sparekassen not being operated according to legal and regulatory requirements, market standards and ethical requirements governing the industry.

It is Sparekassen's policy to hedge operational risks to the extent possible considering the related costs.

To minimise operational risks, Sparekassen has developed different policies, written procedures and internal controls. Executing functions and controlling functions have been segregated as far as is possible.

Sparekassen avails itself of insurance as a means to reducing losses caused by operational risks. Possible losses and events that may lead to operational risks are recorded and reported regularly to avoid such losses by improving processes and procedures.

IT supply solutions are a key area of operational risk. Management of Sparekassen addresses IT security on a regular basis. Sparekassen's primary data service provider is Bankdata, which has duplication of systems and operations in all significant areas.

The internal audit function is part of the assurance that the risk of operational errors is reduced as much as possible by auditing Sparekassen's business areas. Internal Audit reports to the Board of Directors.

The compliance function monitors compliance with laws and regulations, industry standards and internal guidelines for all business areas. This function has as its purpose to test and assess whether processes and procedures are adequate and satisfactory. The compliance officer reports to the Executive Board.



# Notes

## Note

### 44 Company announcements

List of company announcements sent by Sparekassen Sjælland-Fyn to Nasdaq Copenhagen A/S

14.01.2021	- Upward adjustment of expectations for 2020
13.01.2021	- Reportable transactions
06.01.2021	- Korrigerig af finanskalender for 2021 for Sparekassen Sjælland-Fyn A/S
17.12.2020	- Financial calendar 2021 for Sparekassen Sjælland-Fyn A/S
14.12.2020	- Sparekassen Sjælland-Fyn A/S increases non-preferred senior bonds
9.12.2020	- The Board of Directors of Sparekassen Sjælland-Fyn A/S
25.11.2020	- Sparekassen Sjælland-Fyn A/S issues non-preferred senior bonds for 150 mdkk.
24.11.2020	- Explores the possibilities of issuing non-preferred senior
18.11.2020	- Reportable transactions
16.11.2020	- Reportable transactions
13.11.2020	- Reportable transactions
11.11.2020	- Reportable transactions
6.11.2020	- Satisfactory financial performance for Q1-Q3 2020. After tax profit of DDK 169m – in relation to the special events in the period.
14.10.2020	- Upward adjustment of expectations for 2020
11.08.2020	- Reportable transactions
11.08.2020	- H1-statement 2020. Satisfactory profit in relation to the special events in the period.
15.06.2020	- Repayment of capital instruments
11.05.2020	- Reportable transactions
11.05.2020	- Q1 statement 2020, Very satisfactory increase in core earnings
22.04.2020	- Downward adjustment of expectations for 2020

## Note

### 44 Company announcements (continued)

List of company announcements sent by Sparekassen Sjælland-Fyn to Nasdaq Copenhagen A/S

27.03.2020	- Purchase of shares in Lollands Bank A/S
23.03.2020	- Purchase of shares in Lollands Bank A/S – expectations to net income
20.03.2020	- Purchase of shares in Lollands Bank A/S
18.03.2020	- Suspending the expectaions for 2020
6.03.2020	- Reportable transactions
4.03.2020	- Result of the Annual General Meeting of Sparekassen Sjælland-Fyn A/S
26.02.2020	- The election of members to the board of directors, Sparekassen Sjælland-Fyn A/S
10.02.2020	- Notice convening the Annual General Meeting
10.02.2020	- Reportable transactions
10.02.2020	- Purchase of shares in Lollands Bank A/S
10.02.2020	- Satisfactory financial performance – pre-tax profit of DKK 251,3m
14.02.2020	- Upward adjustment of expectations for 2019

# Committee of shareholders, Board of Directors and board of directors committees

## Committee of shareholders at 31 December 2020

Attorney-at-Law Palle Andersen, Vipperød  
 Glazier Kim Rørdam Andersen, Kalundborg  
 Executive Officer Jakob Andersson, Holbæk  
 Attorney-at-Law Per Bjørnsholm, Frederiksberg C  
 Executive Officer Annette Christensen, Holbæk  
 Executive Officer Connie Christensen, Slagelse  
 Car Dealer Anders Clausen, Holbæk  
 Hard Candy Maker Michael B. Christensen, Næstved  
 MSc (Econ.) Jørgen Dyhrfeldt, Frederikssund  
 Office Manager Finn Hallberg, Vig  
 Cemetery Supervisor Henning Hansen, Kastrup  
 Executive Officer Gert Torben Hansen, Slagelse  
 Forest Contractor Michael Henriksen, Holbæk  
 Real estate agent Mikkel Engly Henriksen, Nykøbing Sj.  
 Chief Executive Officer Anders Hestbech, Frederiksberg  
 Insurance Agent Lars Horneman, Odense  
 Chief Executive Officer Michael Huus, Holbæk  
 Machinery Dealer Gert Jensen, Hørve  
 Executive Officer Jesper I. Justesen, Holbæk  
 Farm Owner Egon Lund Keinicke, Gørlev  
 Executive Officer Allan Kienast, Holbæk  
 Financial Consultant Hans Jørgen B. Kolding, Slagelse  
 State-Authorised Public Accountant Claus Kolin, Odense  
 Executive Officer, Architect MAA Thomas Kullegaard, Holbæk  
 Farm Owner Erik Larsen, Dalmoose  
 Car Dealer Peter Klarskov Larsen, Kalundborg  
 Master Builder Palle Larsen, Kalundborg  
 Chief Editor Torben Dalby Larsen, Ringsted  
 Chief Executive Officer Rikke Lehmann Lundsberg, Roskilde  
 Electrical Contractor Erik Vang Larsen, Højby  
 Contractor Jan Lorentzen, Sorø  
 Master Landscape Gardener Per Malmos, Jyderup

Executive Officer Ole Mosbæk, Holbæk  
 Quality Manager Marie Bruun de Neergaard, Skævinge  
 Chief of Programme Kirsten Hede Nielsen, København  
 Electrical Contractor Leif Nielsen, Ringsted  
 Farm Owner Ole Nielsen, Holbæk  
 Retail Manager Brian Stanislaw Nielsen, Regstrup  
 Executive Officer Eva Nielsen, Holbæk  
 State Authorised Public Accountant Kim Thomas Nielsen, Skælskør  
 Executive Officer Torben Arnth Nielsen, Espergærde  
 Head Teacher Jørgen Olsen, Store Fuglede  
 General Practitioner Jacob Frimodt Olsen, Høng  
 Master Carpenter Boye Pedersen, Holbæk  
 Registered Accountant Roland Petersen, Vig  
 Attorney-at-Law Klaus Rasmussen, Holbæk  
 Executive Officer Jakob Schjøtt, Tølløse  
 Master Carpenter Claus Sørensen, Holbæk  
 HR Manager John Ziegler, Frederikssund  
 Undertaker Heidi Ørskov, Holbæk

## Bestyrelse

Executive Officer Thomas Kullegaard, Architect MAA, Holbæk, Chairman  
 Executive Officer Jakob N. Andersson, Holbæk, Vice-Chairman  
 Former Chief Executive Officer Bent Andersen, Århus  
 Attorney-at-Law Otto Spliid, Odense  
 Farm Owner Erik Larsen, Dalmoose  
 Chief of Programme Kirsten Hede Nielsen, København

## Medarbejdervalgte bestyrelsesmedlemmer:

Asset Management Advisor Helle Lindhof Bjørnøe, Holbæk  
 Development Manager Per Olsen, Copenhagen K  
 Manager Mads Wallin, Holmegaard

## The Board of Directors has appointed the following committees:

### Audit committee

Executive Officer Jakob N. Andersson, Holbæk, Chairman  
 Executive Officer Thomas Kullegaard, Architect MAA, Holbæk  
 Former Chief Executive Officer Bent Andersen, Århus  
 Farm Owner Erik Larsen, Dalmoose  
 Chief of Programme Kirsten Hede Nielsen, København

### Risk Committee

Former Chief Executive Officer Bent Andersen, Århus, Chairman  
 Executive Officer Thomas Kullegaard, Architect MAA, Holbæk  
 Executive Officer Jakob N. Andersson, Holbæk  
 Farm Owner Erik Larsen, Dalmoose  
 Development Manager Per Olsen, Copenhagen

### Nomination Committee

Executive Officer Jakob N. Andersson, Holbæk, Chairman  
 Executive Officer Thomas Kullegaard, Architect MAA, Holbæk  
 Chief of Programme Kirsten Hede Nielsen, København  
 Asset Management Advisor Helle Lindhof Bjørnøe, Holbæk  
 Manager Mads Wallin, Holmegaard

### Remuneration Committee

Executive Officer Jakob N. Andersson, Holbæk, Chairman  
 Executive Officer Thomas Kullegaard, Architect MAA, Holbæk  
 Chief of Programme Kirsten Hede Nielsen, København  
 Asset Management Advisor Helle Lindhof Bjørnøe, Holbæk  
 Manager Mads Wallin, Holmegaard

# Direktion, stabsafdelinger, områdecentre, filialer og erhvervscentre

## Executive Board

Chief Executive Officer  
Lars Petersson

Executive Officer of the Savings Bank  
Bruno Riis-Nielsen

Executive Officer of the Savings Bank  
Lars Bolding

## Staff functions

### Management Secretariat

Deputy Chief Executive Jan Kolbye Jensen  
Development Manager Per Olsen  
Executive secretary Annette Hallund

### Compliance

Compliance Officer Pia Møller Blæsbjerg

### Anti-Money Laundering

AML Officer Susanne Bouman

### Data Protection Officer

DPO Dan Nielsen

### Risk Management

Risk Manager Anette Hjort Hansen

### Finance

Group Chief Financial Officer Jens Trane  
Financial Manager Jan Justesen

### Intern Revision

Revisionschef Thomas Sandal

### Internal Audit

Chief Internal Auditor Thomas Sandal

### Human Resources

Human Resources Manager Bettina Theilgaard Krohn

## Credit

Credit Manager Lars Mikkelsen

## Investments

Securities Manager Kenn Andersen

## Branch Service

Branch Service Manager Lisbeth Gottlieb

## IT

IT Manager Mette Rosenkilde Mathiasen

## Sales and Marketing

Sales and Marketing Manager Marianne Salling

## Development department

Development Manager Søren Kjærsgaard

## Sales, Products, and Terms

Product Manager Søren Fossing

## Properties and Service

Head of Properties and Service Kim Olsen

## Digital Savings Bank

Department Manager Lisette Juul Jensen

## Corporate customer centers

### Corporate customer center Zealand

Corporate Manager Michael Nielsen

### Corporate customer center Funen

Corporate Manager Kim Thykjær

## Area Centers (AC) and branches

### Funen Region

Manager Jan Klink Andersen

Assens, Branch Manager Brian Struwe Poulsen

Dalum, Branch Manager Martin Petersen

Faaborg, Branch Manager Lene Kragh

Langeskov, Branch Manager Jørgen Overgaard Schou

Middelfart, Branch Manager Vibeke Vinge Marxen

Nyborg, Branch Manager Poul Aaby

Odense City (AC), Branch Manager Poul Henning Fløjborg

Odense Nord, Branch Manager Rasmus Grundsøe Petersen

Ringe, Branch Manager Jan Svendsen

Svendborg, Branch Manager Brian Berggren Sørensen

### North/West Region

Manager Henrik Møllegaard

Asnæs, Branch Manager Flemming Andersen

Holbæk (AC), Manager Henrik Møllegaard

Jyderup, Branch Manager Jens Varling

Kalundborg, Branch Manager Klaus Koksby Hansen

Nykøbing Sj., Branch Manager Flemming Andersen

Tølløse, Manager Henrik Møllegaard

Vig, Branch Manager Flemming Andersen

### Southern Region

Manager Claus Andersen

Faxe, Branch Manager Thomas Søbygaard

Haslev, Branch Manager Thomas Søbygaard

Næstved (AC), Manager Claus Andersen

Skælskør, Branch Manager Julia Heinecke

### Copenhagen Region

Manager Jannik Hindsbo

Amagerbrogade, Branch Manager Elisabeth Grandt

Dragør, Branch Manager Lennarth Fynboe

Frederiksberg, Branch Manager Hanne Poulsen

Islands Brygge (AC), Branch Manager Line Simoni

Østerbro, Branch Manager Morten Rosengaard

### North Zealand Region

Manager Henning Juhl Jessen

Frederiksværk, Branch Manager Irene Nielsen

Helsingø, Branch Manager Stinus Bell

Helsingør, Branch Manager Thomas Guldbæk

Hillerød (AC), Manager Henning Juhl Jessen

Hundested, Branch Manager Irene Nielsen

### North/East Region

Manager Allan Markussen

Frederikssund, Branch Manager Kenneth Neergaard

Roskilde (AC), Branch Manager Allan Markussen

### Område Vest

Manager Niels Wittendorff Ibsen

Høng, Branch Manager Rikke Almsgaard

Slagelse (AC), Manager Niels Wittendorff Ibsen

### Eastern Region

Manager Nicholaj Dyrholm Frimann

Greve, Manager Nicholaj Dyrholm Frimann

Køge (AC), Manager Nicholaj Dyrholm Frimann

### Middle Region

Manager Mads Wallin

Dianalund, Branch Manager Helle M. Nielsen

Ringsted (AC), Manager Mads Wallin

Sorø, Branch Manager Helle M. Nielsen

