



# Q1-Q3 2021

Interim Report



SPAREKASSEN  
SJÆLLAND-FYN

# Q1-Q3 2021 highlights

## PROFIT BEFORE TAX

**Up 132%**

Pre-tax profit amounts to DKK 420.9m, up DKK 239.8m, providing a 17% return on opening equity.

## NET INTEREST INCOME

**Up 7%**

Net interest income is up by DKK 27.2m and totals DKK 439.0m.

## 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 10.6m to DKK 563.0m.

## 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 59.3bn.

## FEE AND COMMISSION INCOME

**Up 9%**

Fee and commission income is up by DKK 41.2m to stand at DKK 478.4m.

## NET PROFIT

**Provides a 14% return on opening equity**

Net profit stands at DKK 351.6m.

## IMPAIRMENT LOSSES ON LOANS AND ADVANCES ETC

**Reversal of DKK 24.0m**

The stable development in the credit quality of Sparekassen's customers continues. Total management add-ons have been increased by DKK 17.9m compared to the amount at 30 June 2021 to stand at DKK 215.2m at 30 September 2021.

## CORE EARNINGS

**Up 23%**

Recent years' satisfactory developments continued in the first three quarters of 2021.

## SPECIFICATION OF EARNINGS EXPECTATIONS TO RANGE BETWEEN

**DKK 485m and DKK 525m before tax**

In view of a continuously strong development in earnings in Q3 2021, the pre-tax earnings expectations range for the year has been narrowed.

## LAUNCHING OF A NEW STRATEGY

**Before the end of April 2022**

Sparekassen expects to present a strategy and financial targets before the end of April 2022 for the next strategy period in replacement of its New Ways strategy.

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

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

### For more information, please visit [spks.dk](https://spks.dk) or contact:

|  |   |  |
|--|---|--|
| <b>Lars Petersson</b><br>Chief Executive Officer<br>+45 5948 1111<br>lap@spks.dk | <b>Lars Bolding</b><br>Executive Officer of<br>the Savings Bank<br>+45 5948 1085<br>lbo@spks.dk | <b>Morten Huse Eikrem-Jeppesen</b><br>Press Officer<br>+45 5385 0770 |
|--|---|--|

# Management commentary

Sparekassen is continuing the positive trends in Q3 2021, thus presenting a satisfactory pre-tax profit of DKK 420.9m. Net of tax, profit stands at DKK 351.6m, providing a 14% return on opening equity. This performance is a reflection of continuously improved core earnings and a declining level of costs, among other factors, which is in line with the objectives of the New Ways strategy and a positive launch pad for Sparekassen's next strategy period.

## **Fine activity across private customers, corporate customers and asset management**

Even though the pace of the housing market has abated, it is still high. This is mirrored in, for example, the amount of mortgage loans arranged by Sparekassen to Totalkredit and DLR Kredit, which has gone up by DKK 4.0bn – or 9% – over the last 12 months. This development continues to strengthen the income base in the short term as well as the long term because of increased commission income and also bears witness to Sparekassen winning market shares in both the private customer segment and the corporate customer segment.

Sparekassen is generally experiencing growing demand from both private customers and corporate customers across its geography. These are customers who see advantages in having a financial institution that has the power and the capabilities to handle both large and more complex customer accounts and that has also focus on local presence on Funen and Zealand. In addition, Sparekassen is regularly expanding the volume of business with existing customers.

Furthermore, Sparekassen's asset management activities continue to increase, including those related to managing customers' custody account funds, with focus being on creating value for the customers by making their investments grow.

## **Core earnings continue to increase**

Activities across private customers, corporate customers and asset management have boosted Sparekassen's net interest and fee income to total DKK 922.7m at the end of Q3 2021, which is DKK 56.4m up on the same period in 2020.

Sparekassen's total staff costs and administrative expenses and amortisation, depreciation and impairment losses on assets have gone down by DKK 10.6m, or 2%. The reduction in costs is a result of, for example, determined cost control and a series of efficiency improvement measures.

Sparekassen's core earnings have improved further because of the sustained high level of activity and the continuous execution of the efficiency improvement and optimisation initiatives defined in the New Ways strategy. So, core

earnings have gone up by 23% compared to the same period in 2020.

## **Impairments**

Sparekassen's impairment charges reflect a Y-T-D reversal of DKK 24.0m. The primary reason for the positive development is that the finances of businesses and private households are quite strong.

However, despite forecasts of increasing economic growth, Sparekassen's approach to the quarters ahead remains relatively cautious. The government aid packages that have helped support the Danish business sector during the COVID-19 pandemic are being phased out, and many business operators are now in a situation where they must start repaying the government-provided loans. So, the economic consequences of the COVID-19 pandemic are still subject to uncertainty (although this uncertainty is deemed to be on the decline), including their effect on Sparekassen's customer base, which has so far been limited though.

At 30 September 2021, management add-ons total DKK 215.2m, based on a prudence con-

cept, which is DKK 17.9m up on the amount at 30 June 2021. The increase reflects a downward adjustment related to the uncertainty of the economic consequences of the COVID-19 pandemic and an increase in impairment charges related to poor-quality homeowners in growth areas and to pig producers. Management add-ons at 30 September 2021 correspond to approximately 1.8% of the balance of loans and advances.

## **Backing of the business sector continues**

The business sector and Sparekassen's corporate customers are indeed a key focus area for Sparekassen – and particularly in the light of the government loans that were provided as part of the COVID-19 aid packages and that must now be repaid.

Like at the beginning of the COVID-19 pandemic, it is vital for Sparekassen to send a clear signal of undiminished backing of all viable businesses. Sparekassen not only has the will but also the financial foundation to back the corporate customers facing, for example, cash flow challenges or needing another kind of help.

**Work on Sparekassen’s new strategy started**

Besides efforts to provide Sparekassen’s customers with the best advice possible, internal efforts are in progress to set the framework for its next strategic priority areas.

Sparekassen’s four-year strategy, New Ways, is drawing to a close, and so the work on defining Sparekassen’s strategic objectives and financial targets for the years ahead has started. The new strategy that is to take over where New Ways will finish and make Sparekassen even stronger, will be published before the end of April 2022.

**Outlook for 2021**

When the Annual Report for 2020 was published, the pre-tax earnings expectations for 2021 ranged between DKK 300m and DKK 340m.

In view of developments in net interest and fee income, total costs and impairment losses, pre-tax earnings expectations for the year were adjusted upwardly twice in company announcement no 11/2021 of 15 April 2021 and again in company announcement no 16/2021 of 14 July 2021.

In view of sustained strong earnings in Q3 2021, the pre-tax earnings expectations range for the year has been narrowed from DKK 450-525m to DKK 485-525m.

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

# Financial highlights

## Sparekassen Sjælland-Fyn A/S (Group)

| Amounts in DKK'm  | 30.09<br>2021 | 30.09<br>2020 | Index <sup>1</sup> | Year-end<br>2020 |
|---|---------------|---------------|--------------------|------------------|
| <b>Income statement items</b>   |               |               |                    |                  |
| Interest income calculated under the effective interest method  | 382           | 378           | 101                | 509              |
| Other interest income   | 44            | 45            | 99                 | 60               |
| Negative interest income  | 18            | 16            | 117                | 24               |
| Interest expenses   | 37            | 35            | 104                | 46               |
| Positive interest expenses  | 68            | 40            | 170                | 58               |
| <b>Net interest income</b>  | <b>439</b>    | <b>412</b>    | <b>107</b>         | <b>557</b>       |
| Dividends on shares   | 18            | 29            | 63                 | 29               |
| Fees and commission income  | 478           | 437           | 109                | 579              |
| Fees and commission expenses paid   | 13            | 12            | 111                | 16               |
| <b>Net interest and fee income</b>  | <b>923</b>    | <b>866</b>    | <b>107</b>         | <b>1.149</b>     |
| Translation and market value adjustments  | 21            | 3             | 802                | 16               |
| Other operating income  | 12            | 13            | 86                 | 21               |
| Staff costs and administrative expenses   | 534           | 533           | 100                | 729              |
| Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment | 29            | 40            | 71                 | 66               |
| Other operating expenses  | 13            | 14            | 94                 | 23               |
| Impairment losses on loans and advances etc   | -24           | 144           | -                  | 161              |
| Investments in associates and group enterprises   | 18            | 31            | 58                 | 35               |
| <b>Profit for the year before tax</b>   | <b>421</b>    | <b>181</b>    | <b>232</b>         | <b>242</b>       |
| Income tax  | 69            | 13            | 548                | 13               |
| <b>Profit for the year after tax</b>  | <b>352</b>    | <b>169</b>    | <b>209</b>         | <b>229</b>       |
| <b>Profit allocated to shareholders</b>   | <b>333</b>    | <b>150</b>    | <b>222</b>         | <b>204</b>       |

## Sparekassen Sjælland-Fyn A/S (Group)

| Amounts in DKK'm   | 30.09<br>2021  | 30.09<br>2020 | Index <sup>1</sup> | Year-end<br>2020 |
|--|----------------|---------------|--------------------|------------------|
| <b>Balance sheet items</b>                                       |                |               |                    |                  |
| Loans and advances etc   | 12,117         | 11,980        | 101                | 11,951           |
| Deposits   | 20,054         | 19,419        | 103                | 20,001           |
| Deposits in pooled plans   | 2,270          | 1,919         | 118                | 2,082            |
| Total deposits   | 22,324         | 21,338        | 105                | 22,083           |
| Subordinated loan capital  | 571            | 569           | 100                | 570              |
| Equity   | 3,712          | 3,334         | 111                | 3,382            |
| Balance sheet total  | 28,334         | 26,537        | 107                | 27,266           |
| Capital resources  | 3,527          | 3,294         | 107                | 3,655            |
| Total business volume (deposits, loans, advances and guarantees) | 41,906         | 40,208        | 104                | 41,160           |
| Guarantees   | 7,465          | 6,889         | 108                | 7,126            |
| Total credits arranged   | 59,346         | 55,232        | 107                | 56,076           |
| Custody accounts   | 14,031         | 10,898        | 129                | 11,800           |
| <b>Developments in Sparekassen's business areas</b>              |                |               |                    |                  |
| Loans and advances etc   | 12,117         | 11,980        | 101                | 11,951           |
| Totalkredit  | 34,593         | 31,707        | 109                | 32,331           |
| DLR  | 12,636         | 11,545        | 109                | 11,794           |
| Guarantees (exclusive of loss guarantees for mortgage loans)     | 4,507          | 4,115         | 110                | 4,276            |
| Deposits   | 20,054         | 19,419        | 103                | 20,001           |
| Deposits in pooled plans   | 2,270          | 1,919         | 118                | 2,082            |
| Custody accounts   | 14,031         | 10,898        | 129                | 11,800           |
| <b>Total</b>   | <b>100,208</b> | <b>91,583</b> | <b>109</b>         | <b>94,235</b>    |
| Average headcount (full-time employees on average)               | 550            | 559           | 98                 | 555              |
| Per employee   | 182            | 164           | 111                | 170              |

<sup>1</sup> Index: 30.09.2021 relative to 30.09.2020.

# Financial ratios

## Sparekassen Sjælland-Fyn A/S (Group)

|   | 30.09<br>2021 | 30.09<br>2020 | Index <sup>1</sup> | Year-end<br>2020 |
|---|---------------|---------------|--------------------|------------------|
| <b>Financial ratios</b>   |               |               |                    |                  |
| Capital ratio <sup>2</sup>  | 20.6          | 19.2          | 107                | 21.8             |
| Core capital ratio <sup>2</sup>   | 17.3          | 15.9          | 109                | 18.4             |
| Common equity Tier 1 capital <sup>2</sup>                                       | 15.1          | 13.7          | 110                | 16.1             |
| Excess capital adequacy in percentage points <sup>2</sup>                       | 10.7          | 8.9           | 120                | 11.7             |
| Return on equity before tax (for the period)                                    | 11.9          | 5.5           | 216                | 7.3              |
| Return on equity after tax (for the period)                                     | 9.9           | 5.1           | 194                | 6.9              |
| Income/cost ratio DKK   | 1.76          | 1.25          | 141                | 1.25             |
| I/O jf. Nye veje  | 1.62          | 1.50          | 108                | 1.43             |
| Rate of cost  | 61.7          | 66.8          | 92                 | 69.9             |
| Interest rate risk relative to core capital net of deductions                   | 0.2           | 1.3           | 15                 | 0.1              |
| Currency position relative to core capital net of deductions                    | 0.7           | 1.8           | 39                 | 1.3              |
| Currency risk relative to core capital net of deductions                        | 0.0           | 0.0           | -                  | 0.0              |
| Loans and advances relative to equity   | 3.3           | 3.6           | 92                 | 3.5              |
| Loans and advances plus loan impairment losses relative to deposits             | 56.7          | 59.2          | 96                 | 57.0             |
| Growth in loans and advances for the for the period <sup>2</sup>                | 1.4           | -1.9          | -                  | -2.2             |
| Impairment ratio for the for the period   | -0.1          | 0.6           | -                  | 0.7              |
| Accumulated impairment ratio <sup>3</sup>                                       | 3.1           | 3.7           | 84                 | 3.6              |
| Zero interest loans and advances relative to total loans and advances           | 0.1           | 0.6           | 17                 | 0.6              |
| Liquidity benchmark   | 500           | 430           | 116                | 456              |
| Liquidity LCR   | 471           | 387           | 122                | 416              |
| Total large exposures   | 83.6          | 84.7          | 99                 | 67.7             |
| Return on invested capital  | 1.3           | 0.6           | 217                | 0.9              |
| Earnings per share (DKK) <sup>3</sup>   | 19.3          | 8.7           | 222                | 11.8             |
| Dividend per share (DKK)  | 0.0           | 0.0           | -                  | 0.0              |
| Book value per share (DKK)  | 193.3         | 170.3         | 114                | 173.8            |
| Price/earnings per share <sup>3</sup>   | 7.1           | 9.2           | 77                 | 7.6              |
| Price/equity per share <sup>4</sup>   | 0.7           | 0.5           | 140                | 0.5              |
| Price at year-end (DKK)   | 136.5         | 80.2          | 170                | 90.0             |
| Average headcount (full-time employees on average) <sup>5</sup>                 | 550           | 559           | 98                 | 555              |
| Average headcount (converted into full-time employees at year-end) <sup>5</sup> | 550           | 548           | 100                | 556              |

<sup>1</sup> Index: 30.09.2021 relative to 30.09.2020.

<sup>2</sup> 30 September 2021 and 30 September 2020 have been calculated exclusive of profit for the period. If the profit for the period after tax is reduced with the dividend policy's target was included in the capital base, the capital ratio, core capital ratio, actual core capital ratio, and capital transfer would be 1.7 pct. points higher. (30.09.2020: capital ratio, core capital ratio, actual core capital ratio, and capital transfer 1.6 pct. points higher).

<sup>3</sup> Calculated based on the average number of shares during the year.

<sup>4</sup> Calculated based on the number of outstanding shares at the end of the year.

<sup>5</sup> Engaged in financial business.

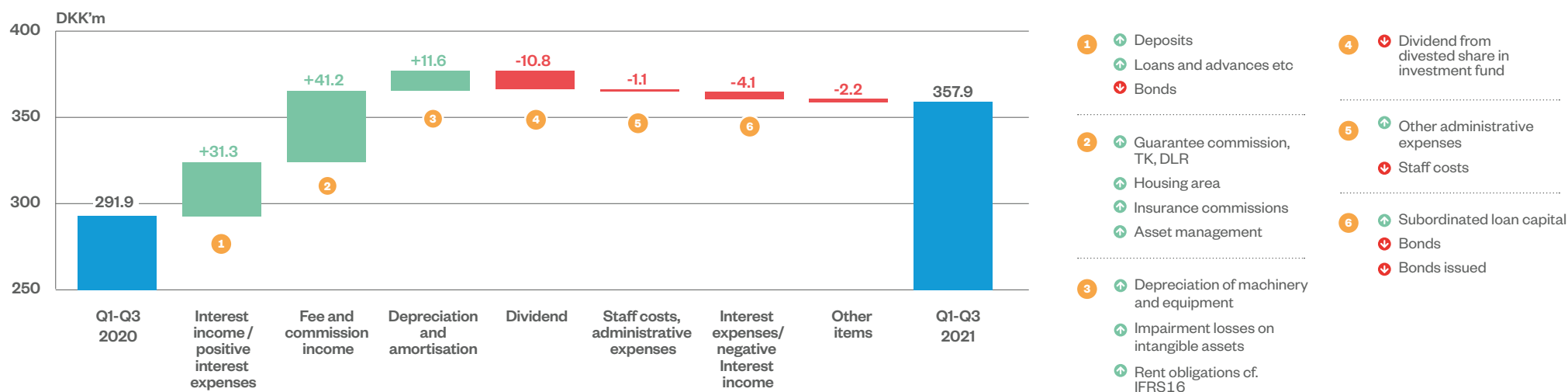


# Core earnings

Sparekassen Sjælland-Fyn A/S (Group)

| Amounts in DKK'm  | Q3<br>2021   | Q2<br>2021   | Q1<br>2021   | YTD<br>2020    | Q4<br>2020   | Q3<br>2020   | Q2<br>2020   | Q1<br>2020   | YTD<br>2019    | Q4<br>2019   | Q3<br>2019   | Q2<br>2019   | Q1<br>2019   |
|---|--------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|
| <b>Core earnings</b>  |              |              |              |                |              |              |              |              |                |              |              |              |              |
| Net interest income   | 143.4        | 149.6        | 146.0        | 556.9          | 145.1        | 141.1        | 132.4        | 138.2        | 564.7          | 140.2        | 146.1        | 141.3        | 137.2        |
| Dividends on shares   | 0            | 15.8         | 2.4          | 29.0           | 0            | 0            | 17.0         | 12.0         | 24.9           | -            | 1.0          | 20.6         | 3.3          |
| Fees and commission income  | 156.2        | 155.9        | 166.3        | 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   | 4.3          | 4.0          | 4.5          | 16.1           | 4.6          | 3.9          | 3.6          | 4.0          | 17.7           | 4.8          | 3.8          | 4.2          | 4.9          |
| Other operating income  | 4.2          | 3.9          | 3.5          | 20.7           | 7.3          | 4.2          | 4.1          | 5.2          | 27.4           | 4.6          | 5.3          | 8.7          | 8.8          |
| Other operating expenses  | 4.3          | 6.5          | 2.7          | 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>295.2</b> | <b>314.8</b> | <b>311.0</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   | 176.3        | 184.9        | 173.1        | 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 | 11.4         | 8.2          | 9.2          | 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>107.5</b> | <b>121.7</b> | <b>128.7</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 four benchmarks and the current calculations are:

| Benchmark  | Threshold        | Group at 30.09.2021 | Group at 30.09.2020 |
|--|------------------|---------------------|---------------------|
| <b>The total of large exposures</b><br>as a percentage of common equity tier 1 capital | <b>&lt;175 %</b> | <b>83.6 %</b>       | <b>84.7 %</b>       |
| <b>Loan growth per annum</b>   | <b>&lt;20 %</b>  | <b>1.1 %</b>        | <b>-3.5 %</b>       |
| <b>Property exposure of loans</b><br>advances and guarantees                           | <b>&lt;25 %</b>  | <b>10.5 %</b>       | <b>10.9 %</b>       |
| <b>Liquidity benchmark</b>   | <b>&gt;100 %</b> | <b>500.3 %</b>      | <b>429.9 %</b>      |

For all four benchmarks, Sparekassen has an internal target that is below the Supervisory Diamond thresholds.

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

The Funding ratio benchmark is no longer part of the Supervisory Diamond threshold as of H1 2021.

# Financial review of the Group

## Q1-Q3 2021

Pre-tax profit has increased by 132% on the same period last year and totals DKK 420.9m, which continues to be influenced by a positive development in core operations that is driven by increasing net interest income, increasing fee and commission income, roughly unchanged staff costs and administrative expenses, and declining amortisation, depreciation and impairment losses on assets. Also, translation and market value adjustments kick in a plus of DKK 21.2m in the first nine months of the year, and impairment charges represent a reversal of DKK 24.0m in total.

Net profit stands at DKK 351.6m, equivalent to an annual return on opening equity of 14%.

The profit generated is considered most satisfactory.

## Income statement

### Income

#### Net interest income

**Net interest income has increased by 7% and amounts to DKK 439.0m against DKK 411.8m in the same period in 2020.**

Total interest income has seen an increase of DKK 3.6m and amounts to DKK 426.7m. Contrary to the tendency in many previous quarters, interest income from loans and advances has increased moderately for the second quarter in a row. Interest income from loans and advances stands at DKK 380.9m at 30 September 2021

against DKK 377.3m for the same period last year. The DKK 3.6m increase is one of the results of a controlled and moderate rise in loans and advances. However, as has been the case with the last several quarters, the development in the balance of loans and advances should be seen in conjunction with the favourable economic climate in the real estate market, entailing that a large portion of both corporate customers' and private customers' debts may be financed by means of mortgage loans. Mortgage loans arranged by Sparekassen have therefore risen by DKK 4.0bn, or 9%, over the last 12 months. However, the activity of arranging mortgage loans has had the positive effect on interest income that arbitrage premiums from interest rate contracts have gone up by DKK 3.5m. Interest income from bonds, on the other hand, has declined by DKK 3.7m, which has primarily been caused by a lower average flat yield on Sparekassen's bond portfolio. Other interest income, including foreign exchange contracts, is roughly unchanged.

Negative interest income amounts to DKK 18.5m against DKK 15.7m at the end of Q3 2020. The increase in negative interest income is attributable to the bond portfolio, of which Sparekassen placed a fairly large portion in treasury bills in the first three quarters of 2021 that were recognised in the balance sheet in the line item "Bonds at amortised cost".

Generally, the negative interest income is related to Sparekassen's placement of excess

liquidity on the current account in certificates of deposit (only until mid-March 2021 when the rules governing certificates of deposit and the current account were amended), 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 in the form of, for example, treasury bills and government bonds or as a current account deposit, resulting in negative interest income.

Total interest expenses have gone up by DKK 1.3m to DKK 36.8m, which is primarily attributable to an increase in interest expenses for bonds issued (senior non-preferred bonds) of DKK 4.5m. These new bond issues are a result of the tightened capital adequacy requirements on eligible liabilities (the requirement for eligible liabilities). Moreover, interest expenses for deposits have gone up by DKK 1.0m.

A decrease in interest expenses for subordinated loan capital of DKK 4.5m contributes in the opposite direction.

Because of the continuously low interest rate levels - with Danmarks Nationalbank recently lowering the interest rate for financial institutions' current account deposits by a negative 0.10 percentage points to a negative 0.60 percentage points - Sparekassen has in 2020 and 2021 regularly adjusted the interest rate level for deposit products for both private customers

and corporate customers. These steps support the development in positive interest expenses which have gone up by DKK 27.7m on the same period last year. At 30 September 2021, positive interest income stands at DKK 67.6m. Sparekassen has not yet decided on any other adjustments of the interest rate level for deposit products caused by Danmarks Nationalbank's recent change in the interest rate on the current account.

#### Dividend

Sparekassen has received DKK 18.2m in dividends against DKK 29.0m in the same period last year. The vast majority of dividends received in 2021 come from the sector companies co-owned by Sparekassen. The decrease in dividends received is related to Q1 2020 when Sparekassen received dividend from a now disposed-of holding of shares in an investment fund which invests in corporate bonds.

#### Fee and commission income

Fee and commission income is up DKK 41.2m, or 9%, totalling DKK 478.4m against DKK 437.2m at 30 September 2020.

Following the full reopening and the lifting of the last COVID-19 restrictions, the activity seen in society is generally high, and for Sparekassen this is reflected in increased business activity in both the private customer segment and the corporate customer segment. Customers in the corporate segment in particular appreciate the short chain of command that is a characteristic

of Sparekassen, which is one of the reasons for its success in attracting new corporate customers and in expanding business with existing ones. The high level of business activity is reflected particularly in generally increasing fee income from the services offered to corporate and private customers, increasing income from managing customers' custody account funds, and increasing commissions from arranging insurance.

In the real estate area, activities in Q3 2021 seem to be moderately abating although their level is still high in a historical perspective. The high level of activity in funding different types of properties has also had a positive effect on fee and commission income. Mortgage loans arranged by Sparekassen to DLR Kredit and Totalkredit were once again record-breaking at the end of Q3 2021 when mortgage loans arranged total DKK 47.2bn, corresponding to a 9% increase over the last 12 months. Developments are the primary reason for guarantee commissions having increased by DKK 14.0m compared to 2020. The rise in mortgage loans arranged is not just strengthening the income base in the short term but also in the long term in the form of a continuous increase in commission income.

#### Translation and market value adjustments

Translation and market value adjustments amount to DKK 21.2m against DKK 2.6m at the same date in 2020. Market value adjustments of bonds stand at a negative DKK 30.5m compared to a negative DKK 24.9m at the same time last year. In the first half of 2020 in particular, the bond market was affected by the macro-economic uncertainty arising from the outbreak of COVID-19, resulting in declining prices and a widening of the credit spread for mortgage

credit bonds. In 2021, slightly increasing interest rates and drawings of mortgage credit bonds that were acquired at a premium, have caused negative price adjustments. Market value adjustments of shares stand at DKK 43.8m against DKK 28.3m at 30 September 2020. Market value adjustments of shares primarily arise from Sparekassen's portfolio of sector shares. Also, in early 2021, Sparekassen disposed of a small block of listed shares and realised a capital gain.

Translation and market value adjustments of investment property, foreign currencies and other financial instruments total DKK 7.9m against a negative DKK 0.8m last year. One of the reasons for this positive development is fewer negative market value adjustments of investment property of the subsidiary Ejendomsselskabet Sjælland-Fyn A/S.

#### Other operating income

Other operating income is primarily composed of rent from the property portfolio of the subsidiary Ejendomsselskabet Sjælland-Fyn A/S. The line item stands at DKK 11.6m against DKK 13.4m for the same period last year. The primary reason for this development is declining rental income as a result of a smaller property portfolio on average with extra-group lessees.

#### Staff costs and administrative expenses

Having increased by 0.2%, the amount of staff costs and administrative expenses is roughly the same and totals DKK 534.2m. Overall, staff costs inclusive of remuneration for the Executive Board and the Board of Directors have gone up by a total of DKK 5.6m. This development reflects a small decline in headcount, hiring of people for specialist functions, adjustments of pay arising from collective agreements and of



pension contributions, and a continued increase in payroll tax.

Other administrative expenses have gone down by DKK 4.6m to DKK 194.6m. The decline in other administrative expenses is a result of recent years' major efficiency improvement and optimisation initiatives, see the strategic plan "New Ways". Also, recent years' major increases in IT costs for Sparekassen's IT centre Bankdata seem to be over for now.

#### 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 total DKK 28.8m, which is a decrease of DKK 11.6m compared to the same period last year. The reason for the decrease is the depreciation of most types of assets, with assets acquired in connection with branches established in prior years now being almost fully depreciated. Furthermore, because of adjustments of the branch structure and acquisitions of owner-occupied property, there has been a decline in rental commitments, see IFRS 16.

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 563.0m.

#### Impairment losses on loans and advances etc

These impairment losses represent a reversal of DKK 24.0m, which is a DKK 168.2m improvement on the first three quarters of 2020 when they totalled DKK 144.2m. 2020 was affected particularly by the outbreak of COVID-19 and

the subsequent uncertainty about its economic implications. Consequently, Sparekassen made substantial provisions in the form of management add-ons that were increased by DKK 139.1m in the first three quarters of 2020 to total DKK 184.4m at 30 September 2020. In Q4 2020, this amount was increased to a total of DKK 211.8m at 31 December 2020. In view of the quite small losses realised because of COVID-19 and following a review of the largest corporate customer exposures, Sparekassen adjusted its management add-ons in H1 2021 by DKK 14.5m to stand at DKK 197.3m at 30 June 2021.

Currently, most of the Danish population has completed the COVID-19 vaccination programme, and the remaining restrictions have been lifted by the authorities. It is evident that the recovery of Danish economy is in full swing. Analyses from both Danmarks Nationalbank and the Danish Economic Councils predict relatively high positive GDP growth rates in H1 2021 and throughout 2022 and continuously high employment rates. Also, the pace in the real property market is high, and Danmarks Nationalbank and the Systemic Risk Council have recently recommended intervention by the government to curb the skyrocketing property prices and, in doing so, reduce the risk of the most vulnerable homeowners ending up in an economic storm should property prices suddenly go down. Most business sectors are also experiencing an extremely high level of activities while also facing certain challenges of manpower shortage, long lead times and shortage of materials and raw materials, resulting in increases in prices. In the agricultural segment, pig producers are experiencing volatile set-

tlement prices which are at a general low right now. Fluctuating Chinese demand for pork and increasing feed prices have – after recent years' financial soundness – made it difficult for Danish pig producers to have profitable operations.

Actual losses sustained by Sparekassen because of COVID-19 remain quite small. Currently, it is Sparekassen's opinion that the finances of businesses – and of private households – are strong. As already mentioned, the latter benefits particularly from the continuously positive business climate in the housing market and high employment rates. The strong finances of Danish businesses and private households are reflected, for example, in the very low level of individual impairment losses in the first three quarters of 2021.

Considering the above factors, Sparekassen believes that Danish economy has emerged rather well from the COVID-19 pandemic, but also that the economic consequences of the pandemic for Sparekassen's customers are still subject to some uncertainty although this uncertainty is on the decline. At 30 September 2021, the total amount of management add-ons has increased by DKK 17.9m to stand at DKK 215.2m. The increase reflects a downward adjustment of management add-ons related to the uncertainty of the economic consequences of the COVID-19 pandemic and an increase in impairment charges related to poor-quality homeowners in growth areas (Greater Copenhagen and Aarhus) and to pig producers. Despite the increase in management add-ons, it is Sparekassen's perception that the vast majority of customers in the portfolio of homeowners in growth areas and pig producers have consolidated well

in recent years and are characterised by having robust finances. Management add-ons at 30 September 2021 total DKK 215.2m, corresponding to around 1.8% of the balance of loans and advances. Sparekassen believes that this level still reflects a conservative approach to uncertainty, financial developments in general and specifically to certain segments in the quarters ahead and that the continuously increased – yet declining – credit risk arising from the COVID-19 situation is hedged based on the best estimate possible.

The main reason for the positive development in impairment charges is that, unlike 2020, the first three quarters of 2021 have not been impacted to the same degree by considerable increases in management add-ons.

Another point is that impairment charges include a rise in income from amounts recovered on claims previously written off of DKK 7.4m. This is a 32% increase to DKK 30.4m at 30 September 2021.

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

Profit/loss from investments in associates and group enterprises has decreased by DKK 13.0m to DKK 17.8m. This line item primarily relates to Sparekassen's stake in Lollands Bank and the continuous value adjustment to equity value thereof. In 2020, the accounting period was extraordinarily affected by the acquisition of a stake of over 20% in Lollands Bank and the subsequent initial revaluation of the acquired stake to equity value.

In addition, Sparekassen obtained a stake of over 20% in Nordfyns Bank. Because of Nordfyn

Bank's restrictions on voting rights, Sparekassen has not gained significant influence – unlike in Lollands Bank. Consequently, the shareholding in Nordfyns Bank will not be adjusted for accounting purposes to equity value in profit/loss from investments in associates and group enterprises. Instead, the shareholding will be stated at and regularly adjusted to fair value through equity as other comprehensive income.

#### **Profit for the period**

Net profit for the period is up 109% and amounts to DKK 351.6m against DKK 168.5m in Q1-Q3 2020. An almost unchanged DKK 18.3m of the profit for the period is allocated to interest on hybrid core capital. So, the shareholders' share of profit for the period amounts to DKK 333.3m against DKK 150.2m last year.

The profit for the period is considered most satisfactory.

#### **Subsequent events**

No events have occurred subsequent to the balance sheet date to the date of publication of the Interim Report which are expected to have a material influence on the Group's or the Parent's financial position.

#### **Balance sheet**

Below, key balance sheet items along with balance sheet items subject to considerable development are described.

#### **Assets**

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

This line item is primarily composed of Sparekassen's deposits on the current account

with Danmarks Nationalbank. Until mid-March 2021, Sparekassen had been granted a deposit limit of DKK 340m at a deposit rate of 0%. Placement of other liquidity with Danmarks Nationalbank had been done by means of certificates of deposit carrying an annual negative interest rate of 0.60%. In mid-March 2021, the upper deposit limit on the current account was abolished along with the opportunity to make short-term placements of liquidity in certificates of deposit. The interest rate on the current account was then fixed at a negative deposit rate of 0.50%. Effective from 1 October 2021, Danmarks Nationalbank has lowered the interest rate on current account deposits by 0.10 percentage points to a negative 0.60%. So, the increase in cash and demand deposits with central banks by nearly DKK 3.2bn is a result of Danmarks Nationalbank's change in its business terms.

**Amounts owed by credit institutions and central banks/bonds**

Sparekassen has for some years held a massive deposit surplus, amounting to DKK 7.9bn, exclusive of deposits in pooled plans, at 30 September 2021. The primary placement channels for this type of liquidity are mortgage credit bonds, treasury bills, the current account and, until mid-March 2021, also certificates of deposit. The primary reason for the huge decline in amounts owned by credit institutions and central banks is the change in Danmarks Nationalbank's business terms, as described above, which has resulted in a major transaction of funds away from certificates of deposits over to the current account.

**Bonds**

The total bond portfolio stands at DKK 8.1bn compared to DKK 7.9bn at the same time last year. Sparekassen endeavours to regularly place excess liquidity taking a relatively cautious approach to minimise the risk of negative market value adjustments to the portfolio should interest rates increase. The flat yield on the bond portfolio is therefore relatively low, and for some parts of this portfolio it is negative. The alternative is to place excess liquidity on the current account, where the interest rate is negative too, standing at a negative 0.60% per year at 1 October 2021. The primary reasons for the increase in Sparekassen's cash resources in the form of amounts owed by Danmarks Nationalbank and the bond portfolio are an increased deposit surplus and bonds issued by Sparekassen (senior non-preferred bonds).

**Loans and advances**

The balance of loans and advances at 30 September 2021 has gone up by DKK 0.1bn on the balance at 30 September 2020 and totals DKK 12.1bn. The influx of new corporate customers and the expansion of business with existing ones have been the primary drivers of this development. A demand is seen from private households for loans for housing-related purposes, whereas the volume of other, more

consumption-related funding is lower than at 30 September 2020.

The development in on-balance sheet loans and advances should continue to be viewed against recent years' favourable business climate in the real estate market. As described above in the financial review, mortgage loans arranged by Sparekassen have risen by DKK 4.0bn over the last 12 months, and total credits arranged in the form of loans and mortgage loans amount to DKK 59.3bn at 30 September 2021.

**Shares**

The total portfolio of shares stands at DKK 709.3m compared to DKK 555.2m at the same time last year. This portfolio is to a large extent made up of shares in sector companies such as DLR Kredit, BI Holding and PRAS, which help support Sparekassen's business activities and earnings. Sparekassen also has a small portfolio of Danish listed shares and holds a major stake in Nordfyns Bank. The portfolio of shares has primarily increased because of the shares acquired in Nordfyns Bank and the continuous value adjustment of sector companies.

Sparekassen's is keeping its overall 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. The highest VaR calculated in the first nine months showed a total VaR figure of approximately DKK 34m, equivalent to a risk of less than 1% of equity.

**Investments in associates**

Investments in associates amount to DKK 231.3m and primarily relate to the acquisition of a block of shares accounting for 20% of the share capital in Lollands Bank.

**Land and buildings**

Land and buildings total DKK 498.0m against DKK 425.2m at 30 September 2020. The development is primarily attributable to investment property having been sold and owner-occupied property having been acquired

**Total credits arranged**

|                                     | 30.09.2021<br>DKK'm | 30.09.2020<br>DKK'm | 2020<br>DKK'm | 2019<br>DKK'm | 2018<br>DKK'm | 2017<br>DKK'm |
|-------------------------------------|---------------------|---------------------|---------------|---------------|---------------|---------------|
| Loans and advances etc, Sparekassen | 12,117              | 11,980              | 11,951        | 12,217        | 12,174        | 11,681        |
| Totalkredit                         | 34,593              | 31,707              | 32,331        | 29,811        | 27,229        | 25,336        |
| DLR                                 | 12,636              | 11,545              | 11,794        | 10,250        | 9,001         | 7,857         |
| <b>Total</b>                        | <b>59,346</b>       | <b>55,232</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 20.1bn at the balance sheet date compared to DKK 19.4bn at the same date last year, equal to an increase of close on 3%. The increase in the deposits balance is a result of a small increase in ordinary demand deposits by corporate customers and private customers.

### Deposits in pooled plans

Deposits in pooled plans have increased by 18% on 30 September 2020 and amount to nearly DKK 2.3bn. Aside from the influx of new customers, the increase may to some degree probably be explained by the continuously low interest rate levels, which means that customers are turning their eye to alternatives other than cash placement of pension funds.

### Bonds issued

This line item of around DKK 0.4bn is composed of the SNP bonds (senior non-preferred bonds) which Sparekassen issued to cover some of the tightened capital adequacy requirements for eligible liabilities (the requirement for eligible liabilities) that Sparekassen is subject to.

### Subordinated loan capital

Subordinated loan capital remains almost unchanged at DKK 570.5m and covers the same issues as at 30 September 2020. Generally, Sparekassen regularly endeavours to optimise its capital structure, for example, by issuing subordinated loan capital, hybrid core capital and SNP bonds.

### Equity

Equity amounts to DKK 3,711.6m at the balance sheet date against DKK 3,334.2m at 30 Sep-

tember 2020. The increase in equity is broadly attributable to the profit for the period, reduced by interest paid on hybrid capital.

## Financial review for Q3 2021

Net interest income has gone up by DKK 2.3m to DKK 143.4m compared to the same period in 2020. This development has primarily been caused by an increase in positive interest expenses on deposits of DKK 6.5m. An increase in interest expenses for bonds issued (senior non-preferred bonds) of DKK 2.2m contributes in the opposite direction.

Fee and commission income is up 14% and can be calculated at DKK 156.2m against DKK 136.8m in Q3 2020. Q3 2021 has been marked by continuously high business activity in the corporate customer segment as well as the private customer segment, resulting in a general increase in fee income from the services offered to customers by Sparekassen, in income from managing customers' custody account funds, and in guarantee commissions from arranging mortgage loans.

Translation and market value adjustments amounted to DKK 12.8m against DKK 33.0m in Q3 2020. The financial markets generally saw positive developments in Q3 2020 after a period of turbulence earlier in the year because of the outbreak of COVID-19, which was the main reason for the development. The decline in market value adjustments is related to both bonds and shares whereas market value adjustments of investment property are working in the opposite direction.

Staff costs and administrative expenses and amortisation, depreciation and impairment

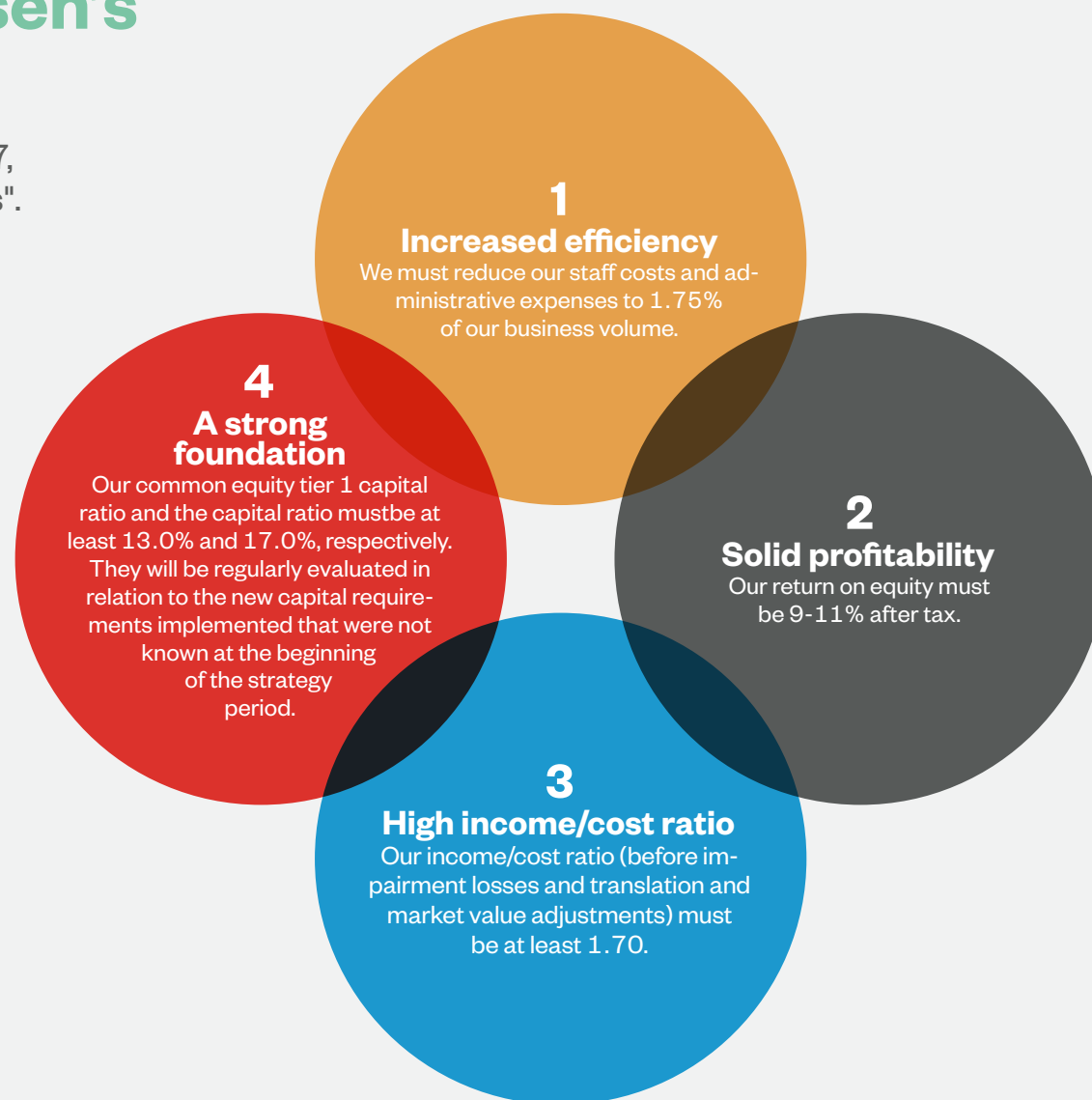
losses on intangible assets and property, plant and equipment have gone down by a total of 3% to DKK 187.7m. Staff costs and administrative expenses remain almost unchanged whereas amortisation and depreciation of assets have gone down.

In Q3 2021, impairment losses on loans and advances total DKK 9.8m, which is a DKK 21.7m improvement on the same period in 2020 when they stood at DKK 31.4m.

Pre-tax profit for Q3 2021 amounts to DKK 119.3m compared to DKK 88.6m in Q3 2020, representing a 35% increase. Net profit for the period amounts to DKK 98.5m against DKK 83.8m for the same period in 2020. The development in the profit generated, and the fact that this is attributable to a positive development in earnings before translation and market value adjustments and impairment charges, is considered most satisfactory.

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

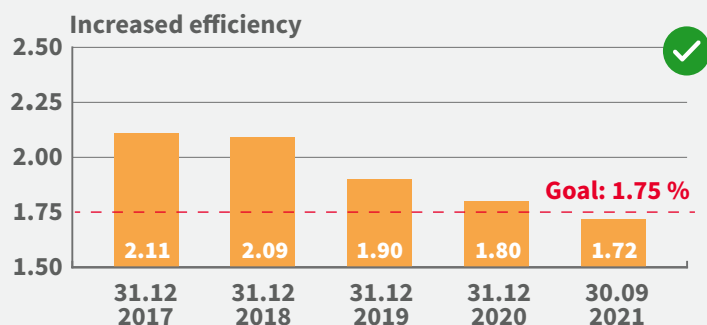
In company announcement no 18 of 6 November 2017, Sparekassen introduced its strategic plan "New Ways". The plan contains seven strategic paths and four financial targets to be executed by the end of 2021.



### 1 Increased efficiency

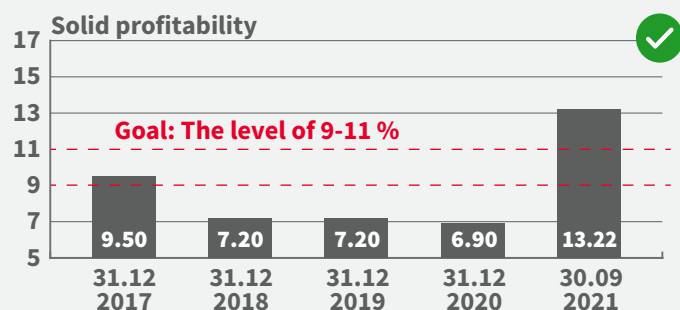
Staff costs and administrative expenses and business volume (deposits, loans and advances and guarantees), with business volume being calculated as a simple average of opening and closing amounts for the financial period. In interim statements, the ratio is annualised. The ratio is calculated in per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



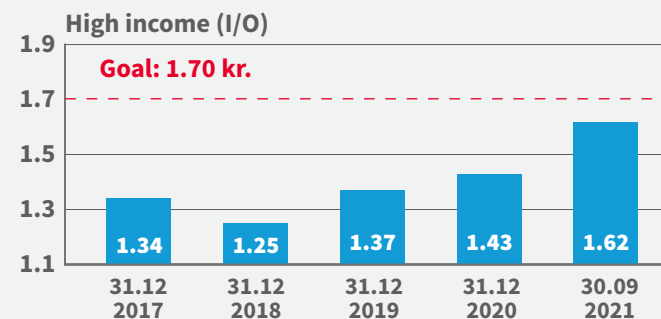
### 3 High income/cost ratio

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:

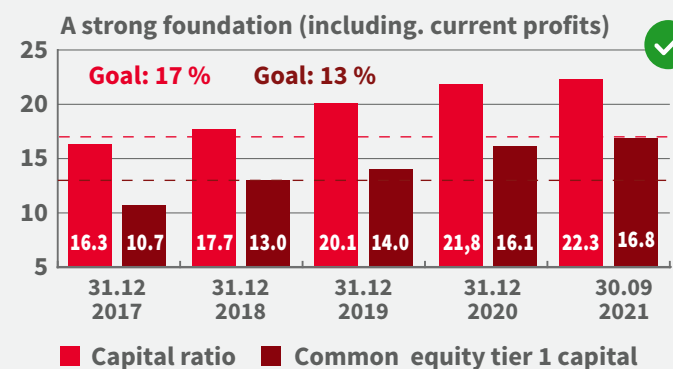
- 1) Strong focus on efficiency measures so as to be able to handle more business with the same amount or a reduced amount of resources.
- 2) Tight cost control to utilise the savings potential, including savings through branch network optimisations and administrative efficiency improvements.
- 3) Optimisation 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 total risk exposures remain almost unchanged at DKK 17,105m against DKK 17,182m at the end of Q3 2020. Credit risk has gone up by DKK 135m on 30 September 2020, caused by an increase in loans and advances and guarantee commitments. Market risk is down DKK 340m, which is primarily attributable to changes in the composition of the bond portfolio. Operational risk has increased by DKK 127m.

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

At 30 September 2021, capital resources are DKK 233m larger than at 30 September 2020 and amount to DKK 3,527m. 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 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 20.6% against 19.2% at 30 September 2020. The core capital ratio and the common equity tier 1 capital ratio too have increased by 1.4 percentage points to stand at 17.3% and 15.1%, respectively.

It should be pointed out in this context that capital resources and capital ratios have been determined exclusive of profit for the period. Had net profit for this period been included in capital resources, the capital ratio, core capital ratio and common equity tier 1 capital ratio at 30 September 2021 would have been 1.7 percentage points higher.

The capital requirement has been calculated at 9.9%, leading to an excess capital adequacy ratio of 10.7 percentage points. In Danish kroner, this excess is equivalent to DKK 1,831m.

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 8.2 percentage points. In Danish kroner, this excess is equivalent to DKK 1,404m. The countercyclical capital buffer will be reactivated from 30 September 2022 by 1.0 percentage point to the effect that, all things being equal, the combined buffer requirement will be 3.5 percentage points. Expectations are also that, at its December 2021 meeting, the Systemic Risk Council will recommend increasing the countercyclical capital buffer by another 1.0 percentage point.

In the Q3 2021 statement of Sparekassen's capital requirement, a provision of DKK 47.4m has been made, corresponding to 0.28 percentage points, under credit risks to match the

uncertainty related to COVID-19. Sparekassen believes that the next one or two quarters will still be subject to some 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 amount and a recapitalisation amount.

The requirement for eligible liabilities is gradually phased in and 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 including the eligible liabilities issued (senior non-preferred bonds), Sparekassen complies with the phased-in element of the calculated requirement for eligible liabilities with a margin of 7.4 percentage points at 30 September 2021. With the current capital resources and eligible liabilities, the fully phased-in requirement for eligible liabilities is met as well with a margin of 4.3 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 longer 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 set objectives in 2018, 2019, 2020 as well as in Q3 2021. Before the end of the strategy period, the Board of Directors intends to reassess Sparekassen's objectives upwardly, having regard to new capital adequacy requirements implemented that were not known at the beginning 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 money market funding, issuance of corporate bonds and potentially transient and major fixed-term deposits.

At the end of Q3 2021, Sparekassen has a deposit surplus of DKK 7.9bn 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 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, Sparekassen's current funding profile is regarded as being relatively stable and subject to low risk.

### Liquidity Coverage Ratio (LCR)

At 30 September 2021, Sparekassen's LCR is 471% against the applicable statutory requirement of a minimum LCR of 100%. So, the excess liquidity coverage ratio relative to the statutory requirement is 371 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 500% 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 a slightly stressed 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.

### Net Stable Funding Ratio (NSFR)

On 28 June 2021, a new statutory requirement for financial institutions became effective regarding a stable funding structure. The requirement aims to ensure that financial institutions maintain a stable funding structure over a one-year time horizon. The NSFR is defined as the ratio of Sparekassen's available amount of stable funding to Sparekassen's required amount of stable funding over a one-year time horizon. The requirement is calculated as a percentage and set at at least 100.

With a calculated NSFR of 196% at 30 September 2021, Sparekassen is in compliance with the new requirement with a healthy margin.

With the current and the expected future composition of its balance sheet in mind, Sparekassen expects to have an appropriate excess cover also in future.

# 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)

|  | 30.09.2021    |              | 2020          |              | 2019          |              | 2018          |              | 2017          |              |
|--|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|
|  | DKK'm         | %            | DKK'm         | %            | DKK'm         | %            | DKK'm         | %            | DKK'm         | %            |
| 3 / 2a – Loans, advances and guarantees with normal credit quality       | 11,409        | 58.3         | 10,677        | 56.0         | 10,768        | 56.8         | 10,249        | 58.5         | 9,965         | 59.0         |
| 2b – Loans, advances and guarantees with certain indications of weakness | 6,921         | 35.3         | 6,911         | 36.2         | 6,424         | 33.9         | 4,942         | 28.2         | 4,174         | 24.7         |
| 2c – Loans, advances and guarantees with substantial weaknesses          | 845           | 4.3          | 911           | 4.8          | 1,058         | 5.6          | 1,143         | 6.5          | 1,389         | 8.2          |
| 1 – Loans, advances and guarantees with objective evidence of impairment | 408           | 2.1          | 578           | 3.0          | 704           | 3.7          | 1,197         | 6.8          | 1,366         | 8.1          |
| <b>Total</b>   | <b>19,583</b> | <b>100.0</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> |

Loans, advances, and guarantee debtors by sector

|   | 30.09.2021   | 2020         | 2019         | 2018         |
|---|--------------|--------------|--------------|--------------|
|   | %            | %            | %            | %            |
| <b>Loans, advances, and guarantee debtors by sector</b> | <b>0.1</b>   | <b>0.1</b>   | <b>0.4</b>   | <b>0.8</b>   |
| <b>Business</b>   |              |              |              |              |
| Agriculture, hunting, forestry and fisheries            | 9.0          | 8.5          | 8.2          | 8.3          |
| Industry and extraction of raw materials                | 2.3          | 2.3          | 2.1          | 2.0          |
| Energy supply   | 0.2          | 0.2          | 0.1          | 0.0          |
| Building and construction                               | 5.4          | 6.0          | 5.3          | 5.0          |
| Trade   | 5.0          | 4.8          | 5.8          | 5.8          |
| Transport, hotels and restaurants                       | 1.8          | 1.8          | 1.9          | 2.0          |
| Information and communication                           | 0.8          | 0.9          | 0.8          | 0.7          |
| Financing and insurance                                 | 5.1          | 4.7          | 5.3          | 4.1          |
| Real property   | 9.3          | 9.3          | 9.9          | 11.0         |
| Other business  | 6.5          | 6.3          | 7.0          | 7.3          |
| <b>Total business</b>                                   | <b>45.4</b>  | <b>44.8</b>  | <b>46.3</b>  | <b>46.3</b>  |
| Private   | 54.5         | 55.1         | 53.3         | 52.9         |
| <b>Total</b>  | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> | <b>100.0</b> |

# Shareholder information

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

At the end of 2020, Sparekassen's share was quoted at DKK 90.0. As Sparekassen's execution of its New Ways strategy is progressing as planned, and results are really materialising in

the bottom line in 2021 – a fact that has led to two upward adjustments – the share price has developed most positively for Sparekassen's around 25,000 shareholders.

In most of 2021, the share price has been on the rise, and at 30 September 2021 the price

of a Sparekassen share was DKK 136.5, thus yielding 52% since financial year-end 2020.

During this period, Sparekassen's market value has gone from around DKK 1.6bn to around DKK 2.4bn. In the graph below, a comparison is made with the total value added for Danish

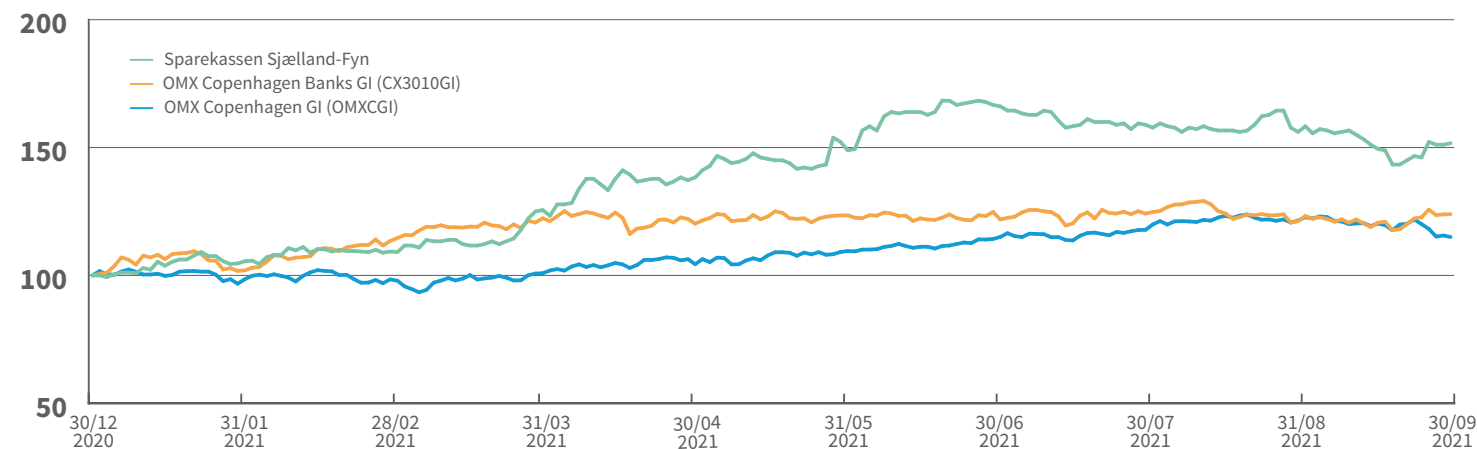
shares quoted on Nasdaq Copenhagen and with the total value added for financial institutions quoted on Nasdaq Copenhagen.

## 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 2021 index

30.12.2020 = Index 100



# Financial review of the Parent

## Q1-Q3 2021

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.

Pre-tax profit of the Parent stands at DKK 418.0m, which is influenced by a continuously positive development in core operations that is driven by increasing net interest income, increasing fee and commission income, declining staff costs and administrative expenses, and declining amortisation, depreciation and impairment losses on assets. Moreover, translation and market value adjustments are positive by DKK 22.9m, and impairment charges represent a reversal totalling DKK 21.4m.

Net profit stands at DKK 351.6m.

The profit generated is considered most satisfactory.

## Resultatopgørelsen

### Net interest income

Net interest income has increased by 7% and amounts to DKK 418.9m against DKK 392.9m for the same period last year.

Total interest income has seen an increase of DKK 2.3m and amounts to DKK 407.0m. Contrary to the tendency in many previous quarters, interest income from loans and advances has increased moderately for the second quarter in a row. The increase for the year totals DKK 2.2m. Arbitrage premiums from interest rate contracts have gone up by DKK 3.5m. Interest income from the bond portfolio, on the other hand, has declined by DKK 3.7m, which has primarily been caused by a lower average flat yield on the bond portfolio.

Negative interest income amounts to DKK 18.5m against DKK 15.7m at the end of Q3 2020. The increase in negative interest income is attributable to the bond portfolio, of which Sparekassen placed a fairly large portion in treasury bills in the first three quarters of 2021.

Total interest expenses have gone up by DKK 1.5m to DKK 37.9m, which is primarily attributable to an increase in interest expenses for bonds issued (senior non-preferred bonds) of DKK 4.5m. Moreover, interest expenses for deposits have gone up by DKK 1.0m. A decrease in interest expenses for subordinated loan capital of DKK 4.5m contributes in the opposite direction.

Because of the continuously low interest rate levels, Sparekassen has in 2020 and 2021 regularly adjusted the interest rate level for deposit products for both private customers and corporate customers. These steps support

the development in positive interest expenses which have gone up by DKK 27.9m on the same period last year. At 30 September 2021, positive interest expenses stand at DKK 68.3m.

### Dividend

The majority of dividends received in 2021 come from the sector companies co-owned by Sparekassen. The decrease in dividends received is related to Q1 2020 when Sparekassen received dividend from a now disposed-of holding of shares in an investment fund which invests in corporate bonds.

### Fee and commission income

Sparekassen's fee and commission income is up DKK 42.0m, or 10%, and totals DKK 479.9m against DKK 437.9m by the end of Q3 2020.

Following the full reopening and the lifting of the last COVID-19 restrictions, the activity seen in society is generally high, and for Sparekassen this is reflected in increased business activity in both the private customer segment and the corporate customer segment. Customers in the corporate segment in particular appreciate the short chain of command that is a characteristic of Sparekassen, which is one of the reasons for its success in attracting new corporate customers and in expanding business with existing ones. The high level of business activity is reflected particularly in generally increasing fee income from the services offered to corporate and private customers, increasing income from managing customers' custody account funds,

and increasing commissions from arranging insurance.

In the real estate area, activities in Q3 2021 seem to be moderately abating although their level is still high in a historical perspective. The high level of activity in funding different types of properties has also had a positive effect on fee and commission income in Q1-Q3 2021.

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 1% to stand at DKK 555.4m.

Staff costs and administrative expenses have gone up by under 1% and amount to DKK 520.8m. Staff costs inclusive of remuneration for the Executive Board and the Board of Directors have gone up by a total of DKK 5.4m to stand at DKK 339.4m. This development reflects a moderate decline in headcount, hiring of people for specialist functions, increases in pay arising from collective agreements and in pension contributions, and a continued increase in payroll tax.

Other administrative expenses have gone down by DKK 1.8m to DKK 181.3m. The decline in other administrative expenses is a result of recent

years' major efficiency improvement and optimisation initiatives, see the strategic plan "New Ways". Also, recent years' increases in IT costs for Sparekassen's IT centre Bankdata seem to be over for now.

Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment total DKK 34.6m, which is a decrease of DKK 10.0m compared to the same period last year. The decrease generally relates to almost all asset types, including a decline in rental commitments, see IFRS 16.

#### **Translation and market value adjustments**

Translation and market value adjustments amount to DKK 22.9m against DKK 12.3m at the same date in 2020. Market value adjustments of bonds stand at a negative DKK 30.7m compared to a negative DKK 25.0m at the same time last year. In the first half of 2020 in particular, the bond market was affected by the macroeconomic uncertainty arising from the outbreak of COVID-19, resulting in declining prices and a widening of the credit spread for mortgage credit bonds. In 2021, slightly increasing interest rates and drawings of mortgage credit bonds that were acquired at a premium, have caused negative price adjustments. Market value adjustments of shares stand at DKK 43.8m against DKK 28.3m at 30 September 2020. Market value adjustments for shares primarily arise from Sparekassen's portfolio of sector shares. Also, in early 2021, Sparekassen disposed of a small block of listed shares and realised a capital gain.

Translation and market value adjustments of investment property, foreign currencies and other

financial instruments total DKK 9.9m against DKK 8.9m last year.

#### **Impairments**

Impairment losses on loans and advances etc represent an income of DKK 21.4m, which is a DKK 167.3m improvement on 2020. The primary reasons for this positive development are that 2020 was affected by higher management add-ons for potential losses arising from the COVID-19 outbreak and that, overall, the finances of Sparekassen's customers are deemed strong.

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

Profit from investments in associates and group enterprises amounts to DKK 29.0m against DKK 32.0m at 30 September 2020. The primary reason for the decline is that 2020 was extraordinarily affected by the acquisition of a stake of over 20% in Lollands Bank and the subsequent initial revaluation of the acquired stake to equity value. Improved performance of Ejendomsselskabet Sjælland-Fyn A/S contributes in the opposite direction.

#### **Profit for the period**

Pre-tax profit then amounts to DKK 418.0m against DKK 178.5m for the same period last year, and net profit is DKK 351.6m against DKK 168.5m after Q3 2020.



# Interim financial statements

Q1-Q3 2021



# Statement by Management on the Interim Report

The Board of Directors and the Executive Board have today considered and approved the Interim Report of Sparekassen Sjælland-Fyn A/S for the period 1 January to 30 September 2021.

The Interim Report of the Group has been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU and Danish disclosure requirements for interim reports

of listed financial companies. Sparekassen's Interim Report and management commentary have been prepared in accordance with the Danish Financial Business Act. Furthermore, the Interim Report is presented in accordance with Danish disclosure requirements for interim reports of listed financial companies.

In our opinion, the Interim Report gives a true and fair view of the Group's and Sparekassen's

financial position at 30 September 2021 and of their financial performance and the consolidated cash flows for the period 1 January to 30 September 2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein, as well as a description of the most material risks and elements

of uncertainty that may affect the Group and Sparekassen.

The Interim Report has not been audited or reviewed.

Holbæk 3. November 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

Torben Dalby Larsen

Per Olsen

Helle Lindhof Bjørnøe

Mads Wallin

## Income statement

|      |   | Sparekassen Sjælland-Fyn A/S (Group) |                |                |                |
|------|---|--------------------------------------|----------------|----------------|----------------|
| Note | Amounts in DKK'000  | Q1-Q3<br>2021                        | Q1-Q3<br>2020  | Q3<br>2021     | Q3<br>2020     |
| 4    | Interest income calculated using the effective interest method  | 382,246                              | 378,313        | 126,024        | 125,419        |
| 4    | Other interest income   | 44,436                               | 44,770         | 13,418         | 15,485         |
| 4a   | Negative interest income  | 18,466                               | 15,717         | 6,251          | 6,244          |
| 5    | Interest expenses   | 36,799                               | 35,464         | 13,596         | 10,842         |
| 5a   | Positive interest expenses  | 67,577                               | 39,856         | 23,805         | 17,319         |
|      | <b>Net interest income</b>  | <b>438,994</b>                       | <b>411,758</b> | <b>143,400</b> | <b>141,137</b> |
|      | Dividends on shares etc   | 18,193                               | 28,994         | 0              | 0              |
| 6    | Fees and commission income  | 478,388                              | 437,162        | 156,156        | 136,834        |
|      | Fees and commission expenses  | 12,835                               | 11,560         | 4,316          | 3,939          |
|      | <b>Net interest and fee income</b>  | <b>922,740</b>                       | <b>866,354</b> | <b>295,240</b> | <b>274,032</b> |
| 7    | Market value adjustments  | 21,155                               | 2,638          | 12,777         | 33,031         |
|      | Other operating income  | 11,586                               | 13,434         | 4,157          | 4,153          |
| 8    | Staff costs and administrative expenses   | 534,222                              | 533,161        | 176,279        | 176,861        |
|      | Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment | 28,781                               | 40,392         | 11,391         | 15,768         |
|      | Other operating expenses  | 13,438                               | 14,332         | 4,278          | 3,805          |
| 9    | Impairment losses on loans and advances etc   | -24,033                              | 144,207        | 9,789          | 31,447         |
|      | Profit/loss on investments in associates and group enterprises  | 17,846                               | 30,828         | 8,841          | 5,244          |
|      | <b>Profit before tax</b>  | <b>420,919</b>                       | <b>181,162</b> | <b>119,278</b> | <b>88,579</b>  |
|      | Income tax  | 69,274                               | 12,633         | 20,732         | 4,746          |
|      | <b>Profit after tax</b>   | <b>351,645</b>                       | <b>168,529</b> | <b>98,546</b>  | <b>83,833</b>  |
|      | <b>Earnings per share</b>   |                                      |                |                |                |
|      | Earnings per share (DKK)  | 19.3                                 | 8.7            | 5.4            | 4.5            |
|      | Diluted earnings per share (DKK)  | 19.3                                 | 8.7            | 5.4            | 4.5            |
|      | <b>Distributed as follows:</b>  |                                      |                |                |                |
|      | Retained earnings (profit allocated to shareholders)  | 333,313                              | 150,234        | 92,377         | 77,681         |
|      | Interest, hybrid core capital   | 18,332                               | 18,295         | 6,169          | 6,152          |
|      | <b>Total</b>  | <b>351,645</b>                       | <b>168,529</b> | <b>98,546</b>  | <b>83,833</b>  |

## Statement of comprehensive income

|      |   | Sparekassen Sjælland-Fyn A/S (Group) |                |                |               |
|------|---|--------------------------------------|----------------|----------------|---------------|
| Note | Amounts in DKK'000  | Q1-Q3<br>2021                        | Q1-Q3<br>2020  | Q3<br>2021     | Q3<br>2020    |
|      | <b>Profit for the period</b>  | <b>351,645</b>                       | <b>168,529</b> | <b>98,546</b>  | <b>83,833</b> |
|      | <b>Other comprehensive income that may not be reclassified to profit or loss</b>                    |                                      |                |                |               |
|      | Fair value adjustment of properties   | 0                                    | -1,480         | 0              | 0             |
|      | Tax related to fair value adjustment of properties  | 3                                    | 1              | 1              | 0             |
|      | <b>Other comprehensive income that may be reclassified to profit or loss</b>                        |                                      |                |                |               |
|      | Value adjustment of certain strategic shares  | 1,173                                | 0              | 2,207          | 0             |
|      | Fair value adjustment of financial instruments entered into to hedge future cash flows <sup>1</sup> |                                      |                |                |               |
|      | - Value adjustment for the year   | 269                                  | 40             | 28             | 17            |
|      | - Tax on other comprehensive income   | -317                                 | -9             | -492           | -4            |
|      | <b>Total other comprehensive income</b>   | <b>1,128</b>                         | <b>-1,448</b>  | <b>1,744</b>   | <b>14</b>     |
|      | <b>Total comprehensive income</b>   | <b>352,773</b>                       | <b>167,081</b> | <b>100,290</b> | <b>83,847</b> |

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

# Balance sheet

## Sparekassen Sjælland-Fyn A/S (Group)

| Note          | Amounts in DKK'000                                    | 30.09.2021        | 31.12.2020        | 30.09.2020        |
|---------------|---|-------------------|-------------------|-------------------|
| <b>Assets</b> |   |                   |                   |                   |
|               | Cash and balances on demand at central banks          | 3,638,685         | 480,569           | 434,602           |
|               | Amounts owed by credit institutions and central banks | 201,881           | 4,813,419         | 2,535,713         |
|               | Loans and other amounts owed at amortised cost        | 12,117,104        | 11,951,447        | 11,980,239        |
|               | Bonds at fair value                                   | 7,593,394         | 5,849,380         | 7,889,873         |
|               | Bonds at amortised cost                               | 500,412           | 300,270           | 0                 |
|               | Shares etc  | 709,347           | 566,946           | 552,546           |
|               | Investments in associates                             | 231,331           | 191,193           | 185,353           |
|               | Assets related to pooled plans                        | 2,269,870         | 2,081,881         | 1,919,185         |
|               | Intangible assets                                     | 91,196            | 91,251            | 91,269            |
| 10            | Total land and buildings                              | 497,974           | 437,976           | 425,195           |
|               | <i>Investment property</i>                            | 106,870           | 122,048           | 136,961           |
|               | <i>Owner-occupied property</i>                        | 391,104           | 315,928           | 288,234           |
|               | Other property, plant and equipment                   | 23,387            | 26,444            | 31,273            |
|               | Current tax assets                                    | 14,480            | 13,850            | 9,410             |
|               | Deferred tax assets                                   | 127,014           | 162,982           | 159,011           |
|               | Other assets  | 264,467           | 243,193           | 256,146           |
|               | Prepayments   | 53,441            | 55,343            | 66,902            |
|               | <b>Total assets</b>                                   | <b>28,333,983</b> | <b>27,266,144</b> | <b>26,536,717</b> |

## Sparekassen Sjælland-Fyn A/S (Group)

| Note                                     | Amounts in DKK'000                                    | 30.09.2021        | 31.12.2020        | 30.09.2020        |
|--|---|-------------------|-------------------|-------------------|
| <b>Equity and liabilities</b>            |   |                   |                   |                   |
| <b>Liabilities other than provisions</b> |   |                   |                   |                   |
|  | Amounts owed to credit institutions and central banks | 907,220           | 558,383           | 858,280           |
|  | Deposits and other debt                               | 20,053,612        | 20,000,941        | 19,419,401        |
|  | Deposits in pooled plans                              | 2,269,870         | 2,081,881         | 1,919,185         |
|  | Bonds issued at amortised cost                        | 377,642           | 198,656           | 0                 |
|  | Other liabilities                                     | 294,395           | 321,028           | 283,800           |
|  | Deferred income                                       | 44,925            | 36,081            | 40,440            |
|  | <b>Total liabilities other than provisions</b>        | <b>23,947,664</b> | <b>23,196,970</b> | <b>22,521,106</b> |
| <b>Provisions</b>                        |   |                   |                   |                   |
|  | Provisions for losses on guarantees etc               | 82,795            | 88,769            | 82,011            |
|  | Other provisions                                      | 21,347            | 28,665            | 29,971            |
|  | <b>Total provisions</b>                               | <b>104,142</b>    | <b>117,434</b>    | <b>111,982</b>    |
| 11                                       | <b>Subordinated loan capital</b>                      | <b>570,533</b>    | <b>569,669</b>    | <b>569,380</b>    |
| <b>Equity</b>                            |   |                   |                   |                   |
| 12                                       | Share capital   | 173,750           | 173,750           | 173,750           |
|  | Revaluation reserves                                  | 1,414             | 1,411             | 1,407             |
|  | Undistributable savings bank reserve, other reserves  | 561,378           | 561,378           | 561,378           |
|  | Retained earnings                                     | 2,589,108         | 2,259,670         | 2,211,726         |
|  | <b>Total equity exclusive of hybrid core capital</b>  | <b>3,325,650</b>  | <b>2,996,209</b>  | <b>2,948,262</b>  |
|  | Hybrid core capital                                   | 385,994           | 385,862           | 385,987           |
|  | <b>Total equity</b>                                   | <b>3,711,644</b>  | <b>3,382,071</b>  | <b>3,334,249</b>  |
|  | <b>Total equity and liabilities</b>                   | <b>28,333,983</b> | <b>27,266,144</b> | <b>26,536,717</b> |

15 Contingent liabilities and assets

# Statement of changes in equity

## Sparekassen Sjælland-Fyn A/S (Group)

| Note | Amounts in DKK'000  | Share capital  | Revaluation reserves | Undistributable savings bank reserve | Reserve for value adjustment of hedging instrument <sup>1</sup> | Dividend | Retained earnings | Total equity exclusive of hybrid core capital | Hybrid core capital | Total equity     |
|------|---|----------------|----------------------|--------------------------------------|---|----------|-------------------|---|---------------------|------------------|
|      | <b>Equity at 1.1.2021</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> |
|      | Profit for the period   | 0              | 0                    | 0                                    | 0   | 0        | 333,313           | 333,313                                       | 18,332              | 351,645          |
|      | <b>Other comprehensive income</b>   |                |                      |                                      |   |          |                   |   |                     |                  |
|      | Fair value adjustment of owner-occupied property  | 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 period   | 0              | 0                    | 0                                    | 269   | 0        | 1,173             | 1,442   | 0                   | 1,442            |
|      | Tax on other comprehensive income   | 0              | 3                    | 0                                    | -59   | 0        | -258              | -314  | 0                   | -314             |
|      | <b>Total other comprehensive income</b>   | <b>0</b>       | <b>3</b>             | <b>0</b>                             | <b>210</b>  | <b>0</b> | <b>915</b>        | <b>1,128</b>                                  | <b>0</b>            | <b>1,128</b>     |
|      | <b>Comprehensive income for the period</b>  | <b>0</b>       | <b>3</b>             | <b>0</b>                             | <b>210</b>  | <b>0</b> | <b>334,228</b>    | <b>334,441</b>                                | <b>18,332</b>       | <b>352,773</b>   |
|      | Purchase of treasury shares   | 0              | 0                    | 0                                    | 0   | 0        | -5,000            | -5,000  | 0                   | -5,000           |
|      | Sale of treasury shares   | 0              | 0                    | 0                                    | 0   | 0        | 0                 | 0   | 0                   | 0                |
|      | Dividends paid  | 0              | 0                    | 0                                    | 0   | 0        | 0                 | 0   | 0                   | 0                |
|      | Interest paid on hybrid core capital  | 0              | 0                    | 0                                    | 0   | 0        | 0                 | 0   | -18,200             | -18,200          |
|      | <b>Equity at 30.09.2021</b>   | <b>173,750</b> | <b>1,414</b>         | <b>561,378</b>                       | <b>-37</b>  | <b>0</b> | <b>2,589,145</b>  | <b>3,325,650</b>                              | <b>385,994</b>      | <b>3,711,644</b> |

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

# Statement of changes in equity

## Sparekassen Sjælland-Fyn A/S (Group)

| Note | Amounts in DKK'000  | Share capital  | Revaluation reserves | Undistributable savings bank reserve | Reserve for value adjustment of hedging instrument <sup>1</sup> | Dividend      | Retained earnings | Total equity exclusive of hybrid core capital | Hybrid core capital | Total equity     |
|------|---|----------------|----------------------|--------------------------------------|---|---------------|-------------------|---|---------------------|------------------|
|      | <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>2,061,564</b>  | <b>2,851,461</b>                              | <b>385,892</b>      | <b>3,237,353</b> |
|      | Profit for the period   | 0              | 0                    | 0                                    | 0   | 0             | 150,234           | 150,234                                       | 18,295              | 168,529          |
|      | <b>Other comprehensive income</b>   |                |                      |                                      |   |               |                   |   |                     |                  |
|      | Fair value adjustment of owner-occupied property  | 0              | -1,480               | 0                                    | 0   | 0             | 0                 | -1,480  | 0                   | -1,480           |
|      | Fair value adjustment of financial instruments entered into to hedge future cash flows: |                |                      |                                      |   |               |                   |   |                     |                  |
|      | Value adjustment for the period   | 0              | 0                    | 0                                    | 40  | 0             | 0                 | 40  | 0                   | 40               |
|      | Tax on other comprehensive income   | 0              | 1                    | 0                                    | -9  | 0             | 0                 | -8  | 0                   | -8               |
|      | <b>Total other comprehensive income</b>   | <b>0</b>       | <b>-1,479</b>        | <b>0</b>                             | <b>31</b>   | <b>0</b>      | <b>0</b>          | <b>-1,449</b>                                 | <b>0</b>            | <b>-1,448</b>    |
|      | <b>Comprehensive income for the period</b>  | <b>0</b>       | <b>-1,479</b>        | <b>0</b>                             | <b>31</b>   | <b>0</b>      | <b>150,234</b>    | <b>148,786</b>                                | <b>18,295</b>       | <b>167,081</b>   |
|      | Purchase of treasury shares   | 0              | 0                    | 0                                    | 0   | 0             | 0                 | 0   | 0                   | 0                |
|      | 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   | -18,200             | -18,200          |
|      | <b>Equity at 30.09.2020</b>   | <b>173,750</b> | <b>1,407</b>         | <b>561,378</b>                       | <b>-209</b>   | <b>0</b>      | <b>2,211,936</b>  | <b>2,948,262</b>                              | <b>385,987</b>      | <b>3,334,249</b> |

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

# Cash flow statement

| Sparekassen Sjælland-Fyn A/S<br>(Group) |   |                   |                 |
|---|---|-------------------|-----------------|
| Note                                    | Amounts in DKK'000  | Q1-Q3 2021        | Q1-Q3 2020      |
|   | <b>Comprehensive income for the period</b>  | <b>352,773</b>    | <b>167,081</b>  |
|   | <b>Adjustment for amounts without cash flow effect</b>  |                   |                 |
|   | Market value adjustment, shares   | -43,781           | -28,334         |
|   | Market value adjustment, bonds  | 30,537            | 24,879          |
|   | Impairment losses on loans and advances etc   | -24,033           | 144,207         |
|   | Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment | 28,781            | 39,492          |
|   | Prepayments (net)   | 261               | 3,030           |
|   | Provisions  | -13,292           | 35,771          |
|   | Value adjustments of investment property  | -14,152           | 10,378          |
|   | Deferred income tax   | 69,274            | 12,633          |
|   | <b>Adjustment for amounts with cash flow effect</b>   |                   |                 |
|   | Income tax paid   | -31,451           | -16,024         |
|   | <b>Cash flows from ordinary operating activities</b>  | <b>354,917</b>    | <b>393,113</b>  |
|   | <b>Working capital changes</b>  |                   |                 |
|   | Credit institutions   | 348,837           | 332,844         |
|   | Loans and advances adjusted for impairment losses etc for the period                                    | -141,885          | 91,000          |
|   | Other assets and liabilities (net)  | -57,853           | -104,783        |
|   | Shares etc  | -98,620           | 169,507         |
|   | Bonds at fair value   | -1,774,551        | -1,323,272      |
|   | Bonds at amortised cost   | -200,142          | 0               |
|   | Deposits and other debt   | 52,671            | 719,818         |
|   | <b>Total working capital changes</b>  | <b>-1,871,543</b> | <b>-114,886</b> |
|   | <b>Cash flows from operating activities</b>   | <b>-1,516,626</b> | <b>278,227</b>  |

| Sparekassen Sjælland-Fyn A/S<br>(Group) |   |                   |                  |
|---|---|-------------------|------------------|
| Note                                    | Amounts in DKK'000                                    | Q1-Q3 2021        | Q1-Q3 2020       |
|   | <b>Investing activities</b>                           |                   |                  |
|   | Additions, investments in associate                   | -22,081           | -116,428         |
|   | Purchase of intangible assets                         | -4,240            | -8,918           |
|   | Purchase of property, plant and equipment             | -106,203          | -49,548          |
|   | Sale of property, plant and equipment                 | 38,928            | 60,167           |
|   | <b>Cash flows from investing activities</b>           | <b>-93,596</b>    | <b>-114,727</b>  |
|   | <b>Financing activities</b>                           |                   |                  |
|   | Bonds issued  | 180,000           | 0                |
|   | Subordinated loan capital                             | 0                 | -105,000         |
|   | Treasury shares etc                                   | -5,000            | 0                |
|   | Interest paid on hybrid core capital                  | -18,200           | -18,200          |
|   | Dividend paid   | 0                 | -51,987          |
|   | <b>Cash flows from financing activities</b>           | <b>156,800</b>    | <b>-175,187</b>  |
|   | <b>Increase/decrease in cash</b>                      | <b>-1,453,422</b> | <b>-11,687</b>   |
|   | Cash and cash equivalents at beginning of period      | 5,293,988         | 2,982,002        |
|   | <b>Cash and cash equivalents at end of period</b>     | <b>3,840,566</b>  | <b>2,970,315</b> |
|   | <b>Cash and cash equivalents</b>                      |                   |                  |
|   | Cash and balances on demand at central banks          | 3,638,685         | 434,602          |
|   | Amounts owed by credit institutions and central banks | 201,881           | 2,535,713        |
|   | <b>Cash and cash equivalents at end of period</b>     | <b>3,840,566</b>  | <b>2,970,315</b> |



# Notes

## 2 Summary of significant accounting policies

The Interim Report for Q1-Q3 2021 has been presented in accordance with IAS 34. The presentation of interim financial statements is consistent with EU provisions and additional Danish disclosure requirements for interim reports of listed financial companies. Applying ISA 34 entails that presentation is more limited than in a complete annual report and that the measurement principles of the International Financial Reporting Standards (IFRS) have been used.

The accounting policies remain unchanged with respect to those applied in the presentation of the consolidated financial statements for 2020.

Sparekassen's 2020 Annual Report and other reports on capital requirement, statutory report on corporate social responsibility etc can be found on this website: [www.spks.dk/om\\_sparekassen/regnskab](http://www.spks.dk/om_sparekassen/regnskab)

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

Measuring certain assets and liabilities is subject to management estimates of how future events affect the value of such assets and liabilities. Estimates, which are significant to the presentation of financial statements, are made, for example, when determining write-downs on impaired loans and advances, and provisions. The estimates used are based on assumptions which are considered reasonable by Management, but which are inherently uncertain.

The most significant estimates made by Management in using the Group's accounting policies and the related key sources of estimation uncertainty are the same used to prepare the interim financial statements for the year as those used to prepare the consolidated financial statements for 2020.



# Notes

## Sparekassen Sjælland-Fyn A/S (Group)

| Note      | Amounts in DKK'000                      | Q1-Q3 2021     | Q1-Q3 2020     |
|-----------|---|----------------|----------------|
| <b>4</b>  | <b>Interest income</b>                  |                |                |
|           | Credit institutions and central banks   | 492            | 543            |
|           | Loans and other amounts owed            | 380,860        | 377,262        |
|           | Bonds                                   | 21,744         | 25,431         |
|           | Total derivatives                       | 22,692         | 19,339         |
|           | Thereof: - Interest rate contracts      | 23,428         | 19,939         |
|           | - Foreign exchange contracts            | -736           | -600           |
|           | Other interest income                   | 894            | 508            |
|           | <b>Total interest income</b>            | <b>426,682</b> | <b>423,083</b> |
| <b>4a</b> | <b>Negative interest income</b>         |                |                |
|           | Credit institutions and central banks   | 9,328          | 9,979          |
|           | Bonds                                   | 9,138          | 5,738          |
|           | <b>Total negative interest income</b>   | <b>18,466</b>  | <b>15,717</b>  |
| <b>5</b>  | <b>Interest expenses</b>                |                |                |
|           | Credit institutions and central banks   | 435            | 417            |
|           | Deposits and other debt                 | 9,755          | 8,731          |
|           | Bonds issued                            | 4,544          | 0              |
|           | Subordinated loan capital               | 20,818         | 25,351         |
|           | Other interest expenses                 | 1,247          | 965            |
|           | <b>Total interest expenses</b>          | <b>36,799</b>  | <b>35,464</b>  |
| <b>5a</b> | <b>Positive interest expenses</b>       |                |                |
|           | Credit institutions and central banks   | 0              | 0              |
|           | Deposits and other debt                 | 67,577         | 39,856         |
|           | <b>Total positive interest expenses</b> | <b>67,577</b>  | <b>39,856</b>  |

## Sparekassen Sjælland-Fyn A/S (Group)

| Note     | Amounts in DKK'000  | Q1-Q3 2021     | Q1-Q3 2020     |
|----------|---|----------------|----------------|
| <b>6</b> | <b>Fees and commission income</b>   |                |                |
|          | Securities trading and custody accounts                                       | 59,870         | 61,339         |
|          | Payment services  | 46,397         | 41,410         |
|          | Loan fees   | 46,430         | 44,629         |
|          | Guarantee commission  | 162,813        | 148,840        |
|          | Custody services  | 56,450         | 44,974         |
|          | Other fees and commissions  | 106,428        | 95,970         |
|          | <b>Total fees and commission income</b>                                       | <b>478,388</b> | <b>437,162</b> |
| <b>7</b> | <b>Market value adjustments</b>   |                |                |
|          | Bonds   | -30,537        | -24,879        |
|          | Shares  | 43,781         | 28,334         |
|          | Investment property   | -1,823         | -10,395        |
|          | Foreign exchange  | 9,757          | 9,297          |
|          | Currency, interest rate, share, commodity and other contracts and derivatives | -23            | 281            |
|          | Assets related to pooled plans  | 186,823        | -69,860        |
|          | Deposits in pooled plans  | -186,823       | 69,860         |
|          | <b>Total market value adjustments</b>   | <b>21,155</b>  | <b>2,638</b>   |
| <b>8</b> | <b>Staff costs and administrative expenses</b>                                |                |                |
|          | <b>Remuneration of the Board of Directors and Executive Board</b>             |                |                |
|          | Board of Directors and Executive Board  | 12,730         | 12,540         |
|          | <b>Total</b>  | <b>12,730</b>  | <b>12,540</b>  |
|          | <b>Staff costs</b>  |                |                |
|          | Wages and salaries  | 255,609        | 251,718        |
|          | Pension contributions   | 29,260         | 28,220         |
|          | Social security expenses  | 42,069         | 41,552         |
|          | <b>Total staff costs</b>  | <b>326,938</b> | <b>321,490</b> |
|          | <b>Other administrative expenses</b>  | <b>194,554</b> | <b>199,131</b> |
|          | <b>Total staff costs and administrative expenses</b>                          | <b>534,222</b> | <b>533,161</b> |

# Notes

| Note     | Amounts in DKK'000  | Sparekassen Sjælland-Fyn A/S<br>(Group) |                |
|----------|---|---|----------------|
|          |   | 30.09.2021                              | 30.09.2020     |
| <b>9</b> | <b>Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account)</b> |   |                |
|          | <b>Stage 1 impairment</b>   |   |                |
|          | Balance of stage 1 impairment losses at beginning of period   | 126,232                                 | 56,035         |
|          | New impairment losses (net)   | -4,795                                  | 78,812         |
|          | <b>Balance of stage 1 impairment losses at end of period</b>  | <b>121,437</b>                          | <b>134,847</b> |
|          | - Of which amounts owed by credit institutions and central banks  | 1                                       | 1              |
|          | <b>Stage 2 impairment</b>   |   |                |
|          | Balance of stage 2 impairment losses at beginning of period   | 160,010                                 | 109,573        |
|          | New impairment losses (net)   | 10,097                                  | 16,159         |
|          | <b>Balance of stage 2 impairment losses at end of period</b>  | <b>170,107</b>                          | <b>125,732</b> |
|          | - Of which amounts owed by credit institutions and central banks  | 659                                     | 273            |
|          | <b>Stage 3 impairment</b>   |   |                |
|          | Balance of stage 3 impairment losses at beginning of period   | 345,198                                 | 491,878        |
|          | New impairment losses (net)   | 8,568                                   | 23,605         |
|          | Other changes   | 13,200                                  | 18,000         |
|          | Previously written down, now finally written off  | 112,730                                 | 149,760        |
|          | <b>Balance of stage 3 impairment losses at end of period</b>  | <b>254,236</b>                          | <b>383,723</b> |
|          | - Of which amounts owed by credit institutions and central banks  | 0                                       | 0              |

| Note     | Amounts in DKK'000  | Sparekassen Sjælland-Fyn A/S<br>(Group) |                |
|----------|---|---|----------------|
|          |   | 30.09.2021                              | 30.09.2020     |
| <b>9</b> | <b>Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)</b> |   |                |
|          | <b>Provisions losses for guarantees and undrawn credit facilities</b>   |   |                |
|          | Balance of provisions at beginning of year  | 115,954                                 | 73,252         |
|          | New provisions (net)  | -12,492                                 | 36,832         |
|          | Previously provided for, now finally written off  | 0                                       | 0              |
|          | <b>Balance of provisions at end of period</b>   | <b>103,462</b>                          | <b>110,084</b> |
|          | <b>Total</b>  |   |                |
|          | Balance of impairment losses/provisions at beginning of period  | 747,394                                 | 730,738        |
|          | Impairment losses/provisions for the period (net)   | 1,378                                   | 155,408        |
|          | Other changes   | 13,200                                  | 18,000         |
|          | Finally written off, previously written down/provided for   | 112,730                                 | 149,760        |
|          | <b>Balance of impairment losses/provisions at end of period</b>   | <b>649,242</b>                          | <b>754,386</b> |
|          | Impairment losses/provisions for the period (net)   | 1,378                                   | 155,408        |
|          | Written off, not previously written down/provided for   | 4,973                                   | 11,833         |
|          | Recovery of claims previously written off   | 30,384                                  | 23,034         |
|          | <b>Total recognised in the income statement</b>   | <b>-24,033</b>                          | <b>144,207</b> |

# Notes

## Sparekassen Sjælland-Fyn A/S (Group)

| Note   | Amounts in DKK'000 | 30.09.2021           | 31.12.2020              | 30.09.2020                  |              |
|--|--------------------|----------------------|-------------------------|-----------------------------|--------------|
| <b>10 Land and buildings</b>   |                    |                      |                         |                             |              |
| <b>Investment property</b>   |                    |                      |                         |                             |              |
| Fair value at beginning of period  |                    | 122,048              | 157,465                 | 157,465                     |              |
| Additions  |                    | 29,249               | 35,746                  | 34,690                      |              |
| Disposals  |                    | 40,577               | 58,216                  | 44,388                      |              |
| Fair value adjustments for the period  |                    | -3,850               | -12,947                 | -10,806                     |              |
| <b>Fair value at end of period</b>   |                    | <b>106,870</b>       | <b>122,048</b>          | <b>136,961</b>              |              |
| Rental income  |                    | 5,550                | 10,563                  | 8,400                       |              |
| Operating expenses   |                    | 3,525                | 6,758                   | 4,897                       |              |
| Thereof, operating expenses recognised for investment property not having generated rental income for the year |                    | 813                  | 1,251                   | 1,051                       |              |
|  |                    | <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 30.09.2021   |                    | 0                    | 0                       | 106,870                     | 106,870      |
| Group 31.12.2020   |                    | 0                    | 0                       | 122,048                     | 122,048      |
| Group 30.09.2020   |                    | 0                    | 0                       | 136,961                     | 136,961      |

## Sparekassen Sjælland-Fyn A/S (Group)

| Note   | Amounts in DKK'000 | 30.09.2021     | 31.12.2020     | 30.09.2020     |
|--|--------------------|----------------|----------------|----------------|
| <b>10 Land and buildings (continued)</b>   |                    |                |                |                |
| <b>Owner-occupied property</b>   |                    |                |                |                |
| Cost at beginning of period  |                    | 318,342        | 293,735        | 293,735        |
| Additions  |                    | 68,854         | 43,774         | 5,773          |
| Disposals  |                    | 0              | 19,167         | 19,167         |
| <b>Cost at end of period</b>   |                    | <b>387,196</b> | <b>318,342</b> | <b>280,341</b> |
| Accumulated depreciation/impairment losses at beginning of period                                |                    | 46,574         | 43,114         | 43,114         |
| Depreciation for the period  |                    | 1,946          | 411            | 308            |
| Impairment losses for the period   |                    | 3,750          | 7,916          | 3,308          |
| Disposals for the period   |                    | 1,649          | 4,867          | 4,867          |
| <b>Accumulated depreciation/impairment losses at end of period</b>                               |                    | <b>50,621</b>  | <b>46,574</b>  | <b>41,863</b>  |
| Accumulated revaluation at beginning of period   |                    | 1,447          | 2,926          | 2,926          |
| Additions for the period   |                    | 0              | 0              | 0              |
| Disposals for the period   |                    | 0              | 1,479          | 1,479          |
| <b>Accumulated revaluation at end of period</b>  |                    | <b>1,447</b>   | <b>1,447</b>   | <b>1,447</b>   |
| <b>Revalued amount at end of period</b>  |                    | <b>338,022</b> | <b>273,215</b> | <b>239,925</b> |
| If no revaluation had been made, the carrying amount of owner-occupied property would have been: |                    | 336,575        | 271,768        | 238,478        |

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

# Notes

|      |                    | Sparekassen Sjælland-Fyn A/S (Group) |                  |                      |       |
|------|--------------------|--------------------------------------|------------------|----------------------|-------|
| Note | Amounts in DKK'000 | Quoted prices                        | Observable input | Non-observable input | Total |

## 10 Land and buildings (continued)

### Fair value hierarchy for owneroccupied property

|                  |   |   |         |         |
|------------------|---|---|---------|---------|
| Group 30.09.2021 | 0 | 0 | 338,022 | 338,022 |
| Group 31.12.2020 | 0 | 0 | 273,215 | 273,215 |
| Group 30.09.2020 | 0 | 0 | 239,925 | 239,925 |

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 5.02 % and 13.28 % has been used in measuring properties located on Zealand and Funen and in Jutland (Q1-Q3 2020: 6.0 % and 13.8 %). 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 value of the property.

|   | 30.09.2021     | 31.12.2020     | 30.09.2020     |
|---|----------------|----------------|----------------|
| Owner-occupied property, revalued amount at period-end, see above | 338,022        | 273,215        | 239,925        |
| Owner-occupied property, leased assets                            | 53,082         | 42,713         | 48,309         |
| <b>Total owner-occupied property, see balance sheet</b>           | <b>391,104</b> | <b>315,928</b> | <b>288,234</b> |

# Notes

## Sparekassen Sjælland-Fyn A/S (Group)

| Note   | Amounts in DKK'000   | Current interest rate | 30.09.2021     | 31.12.2020     | 30.09.2020     |
|--|----------------------|-----------------------|----------------|----------------|----------------|
| <b>1.1 Subordinated loan capital</b>   |                      |                       |                |                |                |
| <b>Supplementary capital</b>   |                      |                       |                |                |                |
| Floating interest rate, maturing February 2027, redeemable in 2022, From 2022 to 2027, the interest rate will be six months CIBOR + 5,5% with half-yearly adjustment,      | 5.94 % <sup>1)</sup> |                       | 50,000         | 50,000         | 50,000         |
| Floating interest rate, maturing in December 2027, redeemable in 2022, from 2022 to 2027, the interest rate will be six months' CIBOR + 4,39% with half-yearly adjustment, | 4.75 % <sup>1)</sup> |                       | 50,000         | 50,000         | 50,000         |
| Floating interest rate, maturing in June 2028, redeemable in 2023, from 2023 to 2028, the interest rate will be six months' CIBOR + 4,11% with half-yearly adjustment,     | 4.50 % <sup>1)</sup> |                       | 130,000        | 130,000        | 130,000        |
| Floating interest rate, maturing in November 2028, redeemable in 2023, from 2023 to 2028, the interest rate will be six months' CIBOR + 4,24% with half-yearly adjustment, | 4.75 % <sup>1)</sup> |                       | 41,000         | 41,000         | 41,000         |
| Floating interest rate, maturing in June 2029, redeemable in 2024, from 2024 to 2029, the interest rate will be six months' CIBOR + 4,64% with half-yearly adjustment,     | 4.50 % <sup>1)</sup> |                       | 150,000        | 150,000        | 150,000        |
| Floating interest rate, maturing in December 2029, redeemable in 2024, from 2024 to 2029, the interest rate will be six months' CIBOR + 4,51% with half-yearly adjustment, | 4.45 % <sup>1)</sup> |                       | 152,000        | 152,000        | 152,000        |
| <b>Total supplementary capital</b>   |                      |                       | <b>573,000</b> | <b>573,000</b> | <b>573,000</b> |
| <b>Total hybrid capital</b>  |                      |                       |                |                |                |
| <b>Total subordinated loan capital</b>   |                      |                       | <b>573,000</b> | <b>573,000</b> | <b>573,000</b> |
| Costs of establishment are charged to profit or loss over the expected term to maturity  |                      |                       | 2,467          | 3,331          | 3,620          |
| <b>Total subordinated loan capital according to balance sheet</b>  |                      |                       | <b>570,533</b> | <b>569,669</b> | <b>569,380</b> |

## Sparekassen Sjælland-Fyn A/S (Group)

| Note   | Amounts in DKK'000   | Current interest rate | 30.09.2021     | 31.12.2020     | 30.09.2020     |
|--|----------------------|-----------------------|----------------|----------------|----------------|
| <b>1.1 Subordinated loan capital (continued)</b>   |                      |                       |                |                |                |
| <b>Hybrid capital reclassified to equity</b>   |                      |                       |                |                |                |
| Floating interest rate, perpetual, redeemable in 2022. From 2022, the interest rate will be six months' CIBOR + 6.39% with half-yearly adjustment. | 6.75 % <sup>1)</sup> |                       | 55,000         | 55,000         | 55,000         |
| Floating interest rate, perpetual, redeemable in 2023. From 2023, the interest rate will be six months' CIBOR + 6.11% with half-yearly adjustment. | 6.50 % <sup>1)</sup> |                       | 280,000        | 280,000        | 280,000        |
| Floating interest rate, perpetual, redeemable in 2023. From 2023, the interest rate will be six months' CIBOR + 5.74% with half-yearly adjustment. | 6.25 % <sup>1)</sup> |                       | 41,000         | 41,000         | 41,000         |
| <b>Total hybrid capital, reclassified to equity</b>  |                      |                       | <b>376,000</b> | <b>376,000</b> | <b>376,000</b> |
| Subordinated loan capital included in the calculation of capital resources   |                      |                       | 946,533        | 945,669        | 945,380        |

1) Fixed interest rate for the first 5 years.

### The Sparekassen Sjælland-Fyn A/S Group

All of the capital issuances mentioned for Sparekassen are included the capital resources of both the Parent Sparekassen Sjælland-Fyn A/S and the Group.

# Notes

| Sparekassen Sjælland-Fyn A/S (Group) |                    |            |            |            |
|--------------------------------------|--------------------|------------|------------|------------|
| Note                                 | Amounts in DKK'000 | 30.09.2021 | 31.12.2020 | 30.09.2020 |

## 11 Subordinated loan capital (continued)

### Interest etc on subordinated loan capital

|  | 30.09.2021 | 31.12.2020 | 30.09.2020 |
|--|------------|------------|------------|
| Interest (excluding interest on reclassified hybrid core capital recognised as equity) | 20,818     | 32,393     | 25,351     |
| Extraordinary repayments/redemptions/remortgaging                                      | 0          | 105,000    | 105,000    |
| Expenses for raising subordinated loan capital   | 0          | 0          | 0          |
| Expenses for redeeming subordinated loan capital                                       | 0          | 0          | 0          |

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 be applied to fulfil the capital requirement addition under the 8+ approach.

| Sparekassen Sjælland-Fyn A/S (Group) |                    |                  |            |                         |            |
|--------------------------------------|--------------------|------------------|------------|-------------------------|------------|
| Note                                 | Amounts in DKK'000 | Number of shares |            | Nominal value (DKK'000) |            |
|                                      |                    | 30.09.2021       | 30.09.2020 | 30.09.2021              | 30.09.2020 |

## 12 Share capital

|   |                   |                   |                |                |
|---|-------------------|-------------------|----------------|----------------|
| 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> |

|                                      | Number of shares | Nominal value (DKK'000) | Participation % |
|--------------------------------------|------------------|-------------------------|-----------------|
| <b>Treasury shares</b>               |                  |                         |                 |
| Treasury shares at 31.12.2019        | 58,989           | 590                     | 0.3             |
| Purchased                            | 0                | 0                       | 0.0             |
| Sold                                 | 0                | 0                       | 0.0             |
| <b>Treasury shares at 30.09.2020</b> | <b>58,989</b>    | <b>590</b>              | <b>0.3</b>      |
| <b>Treasury shares at 30.09.2021</b> |                  |                         |                 |
| Treasury shares at 31.12.2020        | 131,313          | 1,313                   | 0.8             |
| Purchased                            | 35,104           | 351                     | 0.2             |
| Sold                                 | 0                | 0                       | 0.0             |
| <b>Treasury shares at 30.09.2021</b> | <b>166,417</b>   | <b>1,664</b>            | <b>1.0</b>      |

Total purchase price DKK 5,0 m (Q1-Q3 2020: DKK 0)

Total selling price DKK 0 (Q1-Q3 2020: DKK 0)

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's treasury share portfolio consists of 166,417 shares, corresponding to 1.0 % of the share capital. The shares were acquired as part of ordinary trading.

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 5m in market value until 19. august 2022.

# Notes

|           |   | Sparekassen Sjælland-Fyn A/S<br>(Group) |                   |
|-----------|---|---|-------------------|
| Note      | Amounts in DKK'000  | 30.09.2021                              | 30.09.2020        |
| <b>12</b> | <b>Share capital (continued)</b>                                    |   |                   |
|           | <b>Earnings per share</b>   |   |                   |
|           | Earnings of shareholders of the Parent Sparekassen Sjælland-Fyn A/S | 333,313                                 | 150,234           |
|           | Average number of shares  | 17,374,973                              | 17,374,973        |
|           | Average number of treasury shares                                   | 143,014                                 | 58,989            |
|           | <b>Average number of shares outstanding</b>                         | <b>17,231,959</b>                       | <b>17,315,984</b> |
|           | Average dilution effect of outstanding share options                | 0                                       | 0                 |
|           | Average number of outstanding shares (diluted)                      | 17,231,959                              | 17,315,984        |
|           | Earnings per share (DKK)  | 19.3                                    | 8.7               |
|           | Diluted earnings per shares (DKK)                                   | 19.3                                    | 8.7               |

|           |  | Sparekassen Sjælland-Fyn A/S (Group) |                  |                  |
|-----------|--|--------------------------------------|------------------|------------------|
| Note      | Amounts in DKK'000   | 30.09.2021                           | 31.12.2020       | 30.09.2020       |
| <b>13</b> | <b>Assets provided as collateral</b>                             |                                      |                  |                  |
|           | Bonds deposited with Danmarks Nationalbank, clearing centres etc | 1,694,233                            | 1,133,703        | 1,163,411        |
|           | Cash deposited with credit institutions, CSA agreements          | 22,544                               | 22,695           | 22,965           |
|           | Loss limit towards the Danish Growth Fund                        | 259                                  | 260              | 260              |
|           | <b>Total</b>   | <b>1,717,036</b>                     | <b>1,156,658</b> | <b>1,186,636</b> |

Unencumbered deposited securities may be released at call.

## 14 Related party transactions

Sparekassen serves as bank to the Group's group enterprises, and intra-group transactions primarily comprise interest payments, settlement of rent and administration fee. All transactions have been conducted at arm's length.

There have been no unusual related party transactions in Q1-Q3 2021.

# Notes

## Sparekassen Sjælland-Fyn A/S (Group)

| Note      | Amounts in DKK'000                       | 30.09.2021       | 31.12.2020       | 30.09.2020       |
|-----------|--|------------------|------------------|------------------|
| <b>15</b> | <b>Contingent liabilities and assets</b> |                  |                  |                  |
|           | Financial guarantees                     | 316,106          | 267,342          | 260,134          |
|           | Mortgage finance guarantees              | 2,957,872        | 2,849,877        | 2,774,949        |
|           | Registration and remortgaging guarantees | 12,597           | 33,403           | 23,022           |
|           | Other contingent liabilities             | 4,178,805        | 3,975,166        | 3,831,386        |
|           | <b>Total</b>                             | <b>7,465,380</b> | <b>7,125,788</b> | <b>6,889,491</b> |

Other contingent liabilities include performance guarantees and other contingent liabilities, including commitments towards the Danish Deposit Guarantee Fund (guarantee capital).

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 100k 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 commissions 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.

## Sparekassen Sjælland-Fyn A/S (Group)

| Note      | Amounts in DKK'000                                   | 30.09.2021 | 31.12.2020 | 30.09.2020 |
|-----------|--|------------|------------|------------|
| <b>15</b> | <b>Contingent liabilities and assets (continued)</b> |            |            |            |
|           | <b>Contingent assets, group</b>                      |            |            |            |
|           | Deferred tax assets, written down                    | 44,996     | 59,355     | 70,369     |

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

## Sparekassen Sjælland-Fyn A/S (Group)

| Note   | Amounts in DKK'000 | 30.09.2021        | 31.12.2020        | 30.09.2020        |
|--|--------------------|-------------------|-------------------|-------------------|
| <b>16 Capital resources</b>  |                    |                   |                   |                   |
| Equity excluding hybrid core capital   |                    | 3,325,650         | 2,996,208         | 2,948,262         |
| Intangible assets  |                    | -91,196           | -91,251           | -91,269           |
| Tax assets   |                    | -127,014          | -162,982          | -159,011          |
| Proposed dividend  |                    | 0                 | 0                 | 0                 |
| Deduction, capital instruments   |                    | -356,713          | -245,990          | -252,779          |
| Other additions/deductions   |                    | -170,241          | 213,429           | -96,413           |
| <b>Common Equity Tier 1 capital</b>  |                    | <b>2,580,486</b>  | <b>2,709,414</b>  | <b>2,348,790</b>  |
| Hybrid core capital  |                    | 376,000           | 376,000           | 376,000           |
| <b>Core capital (including hybrid core capital) net of primary deductions</b>            |                    | <b>2,956,486</b>  | <b>3,085,414</b>  | <b>2,724,790</b>  |
| Supplementary capital  |                    | 570,533           | 569,669           | 569,380           |
| <b>Capital resources</b>   |                    | <b>3,527,019</b>  | <b>3,655,082</b>  | <b>3,294,170</b>  |
| <b>Risk exposures</b>  |                    |                   |                   |                   |
| Credit risk  |                    | 14,127,867        | 13,986,690        | 13,992,484        |
| Market risk  |                    | 937,238           | 899,522           | 1,276,755         |
| Operational risk   |                    | 2,039,764         | 1,912,923         | 1,912,923         |
| <b>Total risk exposures</b>  |                    | <b>17,104,869</b> | <b>16,799,135</b> | <b>17,182,162</b> |
| Capital ratio  |                    | 20.6              | 21.8              | 19.2              |
| Core capital ratio   |                    | 17.3              | 18.4              | 15.9              |
| Common Equity Tier 1 capital ratio   |                    | 15.1              | 16.1              | 13.7              |
| Capital resources, requirement under Section 124(2) of the Danish Financial Business Act |                    | 1,368,390         | 1,343,931         | 1,374,573         |

Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.09.2021 og 30.09.2020. Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 1.7 percentage points higher (31.09.2020: capital ratio, core capital ratio and common equity tier 1 capital ratio 1.06 percentage points higher).

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

## Sparekassen Sjælland-Fyn A/S (Group)

| Note   | Amounts in DKK'000 | 30.09.2021 | 31.12.2020 | 30.09.2020 |
|--|--------------------|------------|------------|------------|
| <b>16 Capital resources (continued)</b>                                      |                    |            |            |            |
| <b>Solvency capital elements calculated exclusive of transitional scheme</b> |                    |            |            |            |
| Common Equity Tier 1 capital   |                    | 2,398,086  | 2,505,656  | 2,274,036  |
| Core capital (including hybrid core capital) net of primary deductions       |                    | 2,774,086  | 2,881,656  | 2,650,036  |
| Capital resources  |                    | 3,344,620  | 3,451,325  | 3,219,416  |
| Total risk exposures   |                    | 17,006,710 | 16,676,560 | 17,147,136 |
| Capital ratio  |                    | 19.7       | 20.7       | 18.8       |
| Core capital ratio   |                    | 16.3       | 17.3       | 15.5       |
| Common Equity Tier 1 capital ratio   |                    | 14.1       | 15.0       | 13.3       |

Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.09.2021 og 30.09.2020. Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 1.8 percentage points higher (30.09.2020: capital ratio, core capital ratio and common equity tier 1 capital ratio 1.1 percentage points higher).

# Notes

## Sparekassen Sjælland-Fyn A/S (Group)

| Note | Amounts in DKK'000 | 30.09.2021 |                 | 30.09.2020 |                 |
|------|--------------------|------------|-----------------|------------|-----------------|
|      |                    | Fair value | Amortised costs | Fair value | Amortised costs |

### 17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group

Financial assets and liabilities are recognised in the balance sheet either at fair value through profit or loss or at amortised cost.

Below, the valuation method is stated for each financial statement item.

#### Financial assets

|   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
| Cash and balances on demand at central banks          |                   | 3,638,685         |                   | 434,602           |
| Amounts owed by credit institutions and central banks |                   | 201,881           |                   | 2,535,713         |
| Loans and other amounts owed at amortised cost        |                   | 12,117,104        |                   | 11,980,239        |
| Bonds at fair value                                   | 7,593,394         |                   | 7,889,873         |                   |
| Bonds at amortised cost                               |                   | 500,412           |                   | 0                 |
| Shares etc  | 709,347           |                   | 552,546           |                   |
| Assets in pooled plans                                | 2,269,870         |                   | 1,919,185         |                   |
| Positive market value, derivatives                    | 32,185            |                   | 31,372            |                   |
| <b>Total financial assets</b>                         | <b>10,604,796</b> | <b>16,458,082</b> | <b>10,392,976</b> | <b>14,950,554</b> |

#### Financial liabilities

|   |                  |                   |                  |                   |
|---|------------------|-------------------|------------------|-------------------|
| Amounts owed to credit institutions and central banks |                  | 907,220           |                  | 858,280           |
| Deposits and other debt                               |                  | 20,053,612        |                  | 19,419,401        |
| Deposits in pooled plans                              | 2,269,870        |                   | 1,919,185        |                   |
| Bonds issued at amortised cost                        |                  | 377,642           |                  | 0                 |
| Subordinated loan capital                             |                  | 570,533           |                  | 569,380           |
| Negative market value of derivatives                  | 31,725           |                   | 30,647           |                   |
| <b>Total financial liabilities</b>                    | <b>2,301,595</b> | <b>21,909,007</b> | <b>1,949,832</b> | <b>20,847,061</b> |

## Sparekassen Sjælland-Fyn A/S (Group)

Note

### 17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S 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 is 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 only to a limited extent is observable market data, such measurement is subject to estimates. Shares etc in Levels 2 and 3 primarily comprise unlisted shares in sector companies and unlisted investment fund certificates.

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 external 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 led to much different fair values.

# Notes

## Sparekassen Sjælland-Fyn A/S (Group)

| Note | Amounts in DKK'000 | Quoted prices<br>(Level 1) | Observable<br>input<br>(Level 2) | Non-observable<br>input<br>(Level 3) | Total |
|------|--------------------|----------------------------|----------------------------------|--------------------------------------|-------|
|------|--------------------|----------------------------|----------------------------------|--------------------------------------|-------|

### 17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)

Fair value hierarchy of financial instruments  
measured at fair value in balance sheet

30.09.2021

| Financial assets                   |                  |                  |               |          |                   |
|------------------------------------|------------------|------------------|---------------|----------|-------------------|
| Bonds at fair value                | 7,593,394        | 0                | 0             | 0        | 7,593,394         |
| Shares etc                         | 130,067          | 515,534          | 63,746        | 0        | 709,347           |
| Assets related to pooled plans     | 2,262,946        | 6,924            | 0             | 0        | 2,269,870         |
| Derivatives                        | 0                | 32,185           | 0             | 0        | 32,185            |
| <b>Total financial assets</b>      | <b>9,986,407</b> | <b>554,643</b>   | <b>63,746</b> | <b>0</b> | <b>10,604,796</b> |
| Financial liabilities              |                  |                  |               |          |                   |
| Deposits in pooled plans           | 0                | 2,269,870        | 0             | 0        | 2,269,870         |
| Derivative financial liabilities   | 0                | 31,725           | 0             | 0        | 31,725            |
| <b>Total financial liabilities</b> | <b>0</b>         | <b>2,301,595</b> | <b>0</b>      | <b>0</b> | <b>2,301,595</b>  |

30.09.2020

| Financial assets                   |                  |                  |               |          |                   |
|------------------------------------|------------------|------------------|---------------|----------|-------------------|
| Bonds at fair value                | 7,889,873        | 0                | 0             | 0        | 7,889,873         |
| Shares etc                         | 41,000           | 466,904          | 44,642        | 0        | 552,546           |
| Assets related to pooled plans     | 1,912,852        | 6,333            | 0             | 0        | 1,919,185         |
| Derivatives                        | 0                | 31,372           | 0             | 0        | 31,372            |
| <b>Total financial assets</b>      | <b>9,843,725</b> | <b>504,609</b>   | <b>44,642</b> | <b>0</b> | <b>10,392,976</b> |
| Financial liabilities              |                  |                  |               |          |                   |
| Deposits in pooled plans           | 0                | 1,919,185        | 0             | 0        | 1,919,185         |
| Derivative financial liabilities   | 0                | 30,647           | 0             | 0        | 30,647            |
| <b>Total financial liabilities</b> | <b>0</b>         | <b>1,949,832</b> | <b>0</b>      | <b>0</b> | <b>1,949,832</b>  |

## Sparekassen Sjælland-Fyn A/S (Group)

| Note | Amounts in DKK'000 | 30.09.2021 | 30.09.2020 |
|------|--------------------|------------|------------|
|------|--------------------|------------|------------|

### 17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)

Financial instruments measured at fair value in balance sheet  
based on Level 3

|  |               |               |
|--|---------------|---------------|
| Carrying amount at beginning of period                                       | 45,059        | 216,507       |
| Market value adjustment in profit or loss, under<br>market value adjustments | 229           | -16,997       |
| Purchased  | 18,973        | 13,638        |
| Sold   | 515           | 168,506       |
| <b>Carrying amount at end of period</b>                                      | <b>63,746</b> | <b>44,642</b> |

Sparekassen does not have data to make a sensitivity analysis of the investment fund certificates that are measured at fair value in the balance sheet based on Level 3. The investment fund certificates amount to DKK 2.5m (30.09.2020: DKK 4.3m).

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.



## Income statement

|      |   | Sparekassen Sjælland-Fyn A/S (Parent) |                |                |                |
|------|---|---------------------------------------|----------------|----------------|----------------|
| Note | Amounts in DKK'000  | Q1-Q3<br>2021                         | Q1-Q3<br>2020  | Q3<br>2021     | Q3<br>2020     |
| 4    | Interest income calculated using the effective interest method  | 362,533                               | 359,896        | 119,764        | 119,356        |
| 4    | Other interest income   | 44,435                                | 44,770         | 13,417         | 15,485         |
| 4a   | Negative interest income  | 18,466                                | 15,717         | 6,251          | 6,244          |
| 5    | Interest expenses   | 37,902                                | 36,402         | 14,043         | 11,495         |
| 5a   | Positive interest expenses  | 68,298                                | 40,349         | 24,069         | 17,812         |
|      | <b>Net interest income</b>  | <b>418,898</b>                        | <b>392,896</b> | <b>136,956</b> | <b>134,914</b> |
|      | Dividends on shares etc   | 18,193                                | 28,994         | 0              | 0              |
| 6    | Fees and commission income  | 479,899                               | 437,947        | 156,696        | 137,196        |
|      | Fees and commission expenses  | 12,653                                | 11,394         | 4,251          | 3,886          |
|      | <b>Net interest and fee income</b>  | <b>904,337</b>                        | <b>848,443</b> | <b>289,401</b> | <b>268,224</b> |
| 7    | Market value adjustments  | 22,943                                | 12,256         | 9,563          | 34,077         |
|      | Other operating income  | 3,517                                 | 3,264          | 1,513          | 1,283          |
| 8    | Staff costs and administrative expenses   | 520,781                               | 517,149        | 172,384        | 171,954        |
|      | Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment | 34,622                                | 44,670         | 11,348         | 15,119         |
|      | Other operating expenses  | 7,804                                 | 9,667          | 1,582          | 2,431          |
| 9    | Impairment losses on loans and advances etc   | -21,392                               | 145,902        | 10,269         | 31,785         |
|      | Profit/loss on investments in associates and group enterprises  | 29,001                                | 31,965         | 13,454         | 5,430          |
|      | <b>Profit before tax</b>  | <b>417,983</b>                        | <b>178,540</b> | <b>118,348</b> | <b>87,725</b>  |
|      | Income tax  | 66,338                                | 10,011         | 19,802         | 3,892          |
|      | <b>Profit after tax</b>   | <b>351,645</b>                        | <b>168,529</b> | <b>98,546</b>  | <b>83,833</b>  |
|      | <b>Earnings per share</b>   |                                       |                |                |                |
|      | Earnings per share (DKK)  | 19.3                                  | 8.7            | 5.4            | 4.5            |
|      | Diluted earnings per share (DKK)  | 19.3                                  | 8.7            | 5.4            | 4.5            |
|      | <b>Distributed as follows:</b>  |                                       |                |                |                |
|      | Retained earnings (profit allocated to shareholders)  | 333,313                               | 150,234        | 86,249         | 77,681         |
|      | Interest, hybrid core capital   | 18,332                                | 18,295         | 12,297         | 6,152          |
|      | <b>Total</b>  | <b>351,645</b>                        | <b>168,529</b> | <b>98,546</b>  | <b>83,833</b>  |

## Statement of comprehensive income

|      |   | Sparekassen Sjælland-Fyn A/S (Parent) |                |                |               |
|------|---|---------------------------------------|----------------|----------------|---------------|
| Note | Amounts in DKK'000  | Q1-Q3<br>2021                         | Q1-Q3<br>2020  | Q3<br>2021     | Q3<br>2020    |
|      | <b>Profit for the period</b>  | <b>351,645</b>                        | <b>168,529</b> | <b>98,546</b>  | <b>83,833</b> |
|      | <b>Other comprehensive income that may not be reclassified to profit or loss</b>                    |                                       |                |                |               |
|      | Fair value adjustment of properties   | 0                                     | -1,480         | 0              | 0             |
|      | Tax related to fair value adjustment of properties  | 3                                     | 1              | 1              | 0             |
|      | <b>Other comprehensive income that may be reclassified to profit or loss</b>                        |                                       |                |                |               |
|      | Value adjustment of certain strategic shares  | 1,173                                 | 0              | 2,207          | 0             |
|      | Fair value adjustment of financial instruments entered into to hedge future cash flows <sup>1</sup> |                                       |                | 0              |               |
|      | - Value adjustment for the year   | 269                                   | 40             | 28             | 18            |
|      | - Tax on other comprehensive income   | -317                                  | -9             | -492           | -4            |
|      | <b>Total other comprehensive income</b>   | <b>1,128</b>                          | <b>-1,448</b>  | <b>1,744</b>   | <b>14</b>     |
|      | <b>Total comprehensive income</b>   | <b>352,773</b>                        | <b>167,081</b> | <b>100,290</b> | <b>83,847</b> |

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

# Balance sheet

## Sparekassen Sjælland-Fyn A/S (Parent)

| Note          | Amounts in DKK'000                                    | 30.09.2021        | 31.12.2020        | 30.09.2020        |
|---------------|---|-------------------|-------------------|-------------------|
| <b>Assets</b> |   |                   |                   |                   |
|               | Cash and balances on demand at central banks          | 3,638,685         | 480,569           | 434,601           |
|               | Amounts owed by credit institutions and central banks | 189,924           | 4,802,377         | 2,530,319         |
|               | Loans and other amounts owed at amortised cost        | 12,290,130        | 12,070,441        | 12,056,039        |
|               | Bonds at fair value                                   | 7,593,394         | 5,849,380         | 7,889,873         |
|               | Bonds at amortised cost                               | 500,412           | 300,270           | 0                 |
|               | Shares etc  | 709,347           | 566,946           | 552,546           |
|               | Investments in associates                             | 189,084           | 151,828           | 147,102           |
|               | Investments in group enterprises                      | 375,496           | 364,016           | 364,725           |
|               | Assets related to pooled plans                        | 2,269,870         | 2,081,881         | 1,919,185         |
|               | Intangible assets                                     | 91,196            | 91,251            | 91,269            |
|               | Total land and buildings                              | 191,856           | 153,649           | 61,339            |
|               | <i>Investment property</i>                            | 1,820             | 3,070             | 3,198             |
|               | <i>Owner-occupied property</i>                        | 190,036           | 150,579           | 158,141           |
|               | Other property, plant and equipment                   | 23,387            | 26,444            | 31,273            |
|               | Current tax assets                                    | 19,900            | 15,913            | 17,339            |
|               | Deferred tax assets                                   | 117,751           | 154,016           | 150,328           |
|               | Other assets  | 218,195           | 204,150           | 218,534           |
|               | Prepayments   | 54,617            | 56,426            | 67,739            |
|               | <b>Total assets</b>                                   | <b>28,473,244</b> | <b>27,369,557</b> | <b>26,632,211</b> |

## Sparekassen Sjælland-Fyn A/S (Parent)

| Note                                     | Amounts in DKK'000                                    | 30.09.2021        | 31.12.2020        | 30.09.2020        |
|--|---|-------------------|-------------------|-------------------|
| <b>Equity and liabilities</b>            |   |                   |                   |                   |
| <b>Liabilities other than provisions</b> |   |                   |                   |                   |
|  | Amounts owed to credit institutions and central banks | 906,271           | 557,320           | 857,158           |
|  | Deposits and other debt                               | 20,148,920        | 20,079,315        | 19,484,545        |
|  | Deposits in pooled plans                              | 2,269,870         | 2,081,881         | 1,919,185         |
|  | Bonds issued at amortised cost                        | 377,642           | 198,656           | 0                 |
|  | Other liabilities                                     | 366,003           | 370,230           | 337,611           |
|  | Deferred income                                       | 18,219            | 12,981            | 18,100            |
|  | <b>Total liabilities other than provisions</b>        | <b>24,086,925</b> | <b>23,300,383</b> | <b>22,616,599</b> |
| <b>Provisions</b>                        |   |                   |                   |                   |
|  | Provisions for losses on guarantees etc               | 82,795            | 88,769            | 82,011            |
|  | Other provisions                                      | 21,347            | 28,665            | 29,972            |
|  | <b>Total provisions</b>                               | <b>104,142</b>    | <b>117,434</b>    | <b>111,983</b>    |
|  | <b>Subordinated loan capital</b>                      | <b>570,533</b>    | <b>569,669</b>    | <b>569,380</b>    |
| <b>Equity</b>                            |   |                   |                   |                   |
|  | Share capital   | 173,750           | 173,750           | 173,750           |
|  | Revaluation reserves                                  | 1,414             | 1,411             | 1,407             |
|  | Undistributable savings bank reserve, other reserves  | 561,378           | 561,378           | 561,378           |
|  | Retained earnings                                     | 2,589,108         | 2,259,670         | 2,211,727         |
|  | <b>Total equity exclusive of hybrid core capital</b>  | <b>3,325,650</b>  | <b>2,996,209</b>  | <b>2,948,262</b>  |
|  | Hybrid core capital                                   | 385,994           | 385,862           | 385,987           |
|  | <b>Total equity</b>                                   | <b>3,711,644</b>  | <b>3,382,071</b>  | <b>3,334,249</b>  |
|  | <b>Total equity and liabilities</b>                   | <b>28,473,244</b> | <b>27,369,557</b> | <b>26,632,211</b> |

# Statement of changes in equity

## Sparekassen Sjælland-Fyn A/S (Parent)

| Note | Amounts in DKK'000  | Share capital  | Revaluation reserves | Undistributable savings bank reserve | Reserve for value adjustment of hedging instrument <sup>1</sup> | Dividend | Retained earnings | Total equity exclusive of hybrid core capital | Hybrid core capital | Total equity     |
|------|---|----------------|----------------------|--------------------------------------|---|----------|-------------------|---|---------------------|------------------|
|      | <b>Equity at 1.1.2021</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> |
|      | Profit for the period   | 0              | 0                    | 0                                    | 0   | 0        | 333,313           | 333,313                                       | 18,332              | 351,645          |
|      | <b>Other comprehensive income</b>   |                |                      |                                      |   |          |                   |   |                     |                  |
|      | Fair value adjustment of owner-occupied property  | 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 period   | 0              | 0                    | 0                                    | 269   | 0        | 1,173             | 1,442   | 0                   | 1,442            |
|      | Tax on other comprehensive income   | 0              | 3                    | 0                                    | -59   | 0        | -258              | -314  | 0                   | -314             |
|      | <b>Total other comprehensive income</b>   | <b>0</b>       | <b>3</b>             | <b>0</b>                             | <b>210</b>  | <b>0</b> | <b>915</b>        | <b>1,128</b>                                  | <b>0</b>            | <b>1,128</b>     |
|      | <b>Comprehensive income for the period</b>  | <b>0</b>       | <b>3</b>             | <b>0</b>                             | <b>210</b>  | <b>0</b> | <b>334,228</b>    | <b>334,441</b>                                | <b>18,332</b>       | <b>352,773</b>   |
|      | Purchase of treasury shares   | 0              | 0                    | 0                                    | 0   | 0        | -5,000            | -5,000  | 0                   | -5,000           |
|      | Sale of treasury shares   | 0              | 0                    | 0                                    | 0   | 0        | 0                 | 0   | 0                   | 0                |
|      | Dividends paid  | 0              | 0                    | 0                                    | 0   | 0        | 0                 | 0   | 0                   | 0                |
|      | Interest paid on hybrid core capital  | 0              | 0                    | 0                                    | 0   | 0        | 0                 | 0   | -18,200             | -18,200          |
|      | <b>Equity at 30.09.2021</b>   | <b>173,750</b> | <b>1,414</b>         | <b>561,378</b>                       | <b>-37</b>  | <b>0</b> | <b>2,589,145</b>  | <b>3,325,650</b>                              | <b>385,994</b>      | <b>3,711,644</b> |

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

# Statement of changes in equity

| Sparekassen Sjælland-Fyn A/S (Parent) |   |                |                      |                                      |   |               |                   |   |                     |                  |
|---------------------------------------|---|----------------|----------------------|--------------------------------------|---|---------------|-------------------|---|---------------------|------------------|
| Note                                  | Amounts in DKK'000  | Share capital  | Revaluation reserves | Undistributable savings bank reserve | Reserve for value adjustment of hedging instrument <sup>1</sup> | Dividend      | Retained earnings | Total equity exclusive of hybrid core capital | Hybrid core capital | Total equity     |
|                                       | <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>2,061,564</b>  | <b>2,851,461</b>                              | <b>385,892</b>      | <b>3,237,353</b> |
|                                       | Profit for the period   | 0              | 0                    | 0                                    | 0   | 0             | 150,234           | 150,234                                       | 18,295              | 168,529          |
|                                       | <b>Other comprehensive income</b>   |                |                      |                                      |   |               |                   |   |                     |                  |
|                                       | Fair value adjustment of owner-occupied property  | 0              | -1,480               | 0                                    | 0   | 0             | 0                 | -1,480  | 0                   | -1,480           |
|                                       | Fair value adjustment of financial instruments entered into to hedge future cash flows: |                |                      |                                      |   |               |                   |   |                     |                  |
|                                       | Value adjustment for the period   | 0              | 0                    | 0                                    | 40  | 0             | 0                 | 40  | 0                   | 40               |
|                                       | Tax on other comprehensive income   | 0              | 1                    | 0                                    | -9  | 0             | 0                 | -8  | 0                   | -8               |
|                                       | <b>Total other comprehensive income</b>   | <b>0</b>       | <b>-1,479</b>        | <b>0</b>                             | <b>31</b>   | <b>0</b>      | <b>0</b>          | <b>-1,449</b>                                 | <b>0</b>            | <b>-1,448</b>    |
|                                       | <b>Comprehensive income for the period</b>  | <b>0</b>       | <b>-1,479</b>        | <b>0</b>                             | <b>31</b>   | <b>0</b>      | <b>150,234</b>    | <b>148,786</b>                                | <b>18,295</b>       | <b>167,081</b>   |
|                                       | Purchase of treasury shares   | 0              | 0                    | 0                                    | 0   | 0             | 0                 | 0   | 0                   | 0                |
|                                       | 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   | -18,200             | -18,200          |
|                                       | <b>Equity at 30.09.2020</b>   | <b>173,750</b> | <b>1,407</b>         | <b>561,378</b>                       | <b>-209</b>   | <b>0</b>      | <b>2,211,936</b>  | <b>2,948,262</b>                              | <b>385,987</b>      | <b>3,334,249</b> |

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



# Notes

| Sparekassen Sjælland-Fyn A/S (Parent) |  |            |            |                     |
|---------------------------------------|--|------------|------------|---------------------|
| Note                                  | Beløb i mio. kr.   | Q1-Q3 2021 | Q1-Q3 2020 | Financial year 2020 |
| <b>1</b>                              | <b>Financial highlights</b>                                |            |            |                     |
|                                       | <b>Principal items of income statement</b>                 |            |            |                     |
|                                       | Net interest income  | 419        | 393        | 532                 |
|                                       | Net interest and fee income                                | 904        | 848        | 1,125               |
|                                       | Market value adjustments                                   | 23         | 12         | 25                  |
|                                       | Staff costs and administrative expenses                    | 521        | 517        | 708                 |
|                                       | Amortisation, depreciation and impairment losses on assets | 35         | 45         | 68                  |
|                                       | Impairment losses on loans and advances etc                | -21        | 146        | 163                 |
|                                       | Profit on investments in associates and group enterprises  | 29         | 32         | 34                  |
|                                       | Income tax   | 66         | 10         | 10                  |
|                                       | Profit for the period                                      | 352        | 169        | 229                 |
|                                       | <b>Principal items of balance sheet</b>                    |            |            |                     |
|                                       | Loans and advances   | 12,290     | 12,056     | 12,070              |
|                                       | Securities portfolio                                       | 8,803      | 8,442      | 6,717               |
|                                       | Deposits including pooled deposits                         | 22,419     | 21,404     | 22,161              |
|                                       | Subordinated loan capital                                  | 571        | 569        | 570                 |
|                                       | Equity   | 3,712      | 3,334      | 3,382               |
|                                       | Total assets   | 28,473     | 26,632     | 27,370              |

| Sparekassen Sjælland-Fyn A/S (Parent)  |            |            |                     |
|--|------------|------------|---------------------|
|  | Q1-Q3 2021 | Q1-Q3 2020 | Financial year 2020 |
| <b>Financial ratios</b>  |            |            |                     |
| Capital ratio <sup>5</sup>   | 20.6       | 19.2       | 21.7                |
| Core capital ratio <sup>5</sup>  | 17.3       | 15.9       | 18.4                |
| Return on equity before tax  | 11.8       | 5.4        | 7.2                 |
| Return on equity after tax   | 9.9        | 5.1        | 6.9                 |
| Operating income over operating expenses   | 1.77       | 1.25       | 1.25                |
| Interest rate risk relative to core capital net of deductions                              | 0.0        | 1.1        | -0.1                |
| Currency position relative to core capital net of deductions                               | 0.7        | 1.8        | 1.3                 |
| Currency risk relative to core capital net of deductions                                   | 0.0        | 0.0        | 0.0                 |
| Loans and advances plus loan impairment losses relative to deposits                        | 57.2       | 59.2       | 57.2                |
| Loans and advances relative to equity  | 3.3        | 3.6        | 3.6                 |
| Growth in loans and advances for the period  | 1.8        | -2.0       | -1.9                |
| Liquidity, LCR   | 471        | 387        | 416                 |
| Total large exposures (<175 %)   | 83.2       | 84.3       | 67.4                |
| Impairment ratio for the period  | -0.1       | 0.6        | 0.7                 |
| Accumulated impairment ratio <sup>1</sup>  | 3.0        | 3.6        | 3.5                 |
| Return on capital employed   | 1.3        | 0.6        | 0.9                 |
| Earnings per share (DKK) <sup>3</sup>  | 19.3       | 8.7        | 11.8                |
| Dividend per share (DKK)   | 0.0        | 0.0        | 0.0                 |
| Book value per share (DKK) <sup>2</sup>  | 193.3      | 170.3      | 173.8               |
| Price/earnings per share <sup>3</sup>  | 7.1        | 9.2        | 7.6                 |
| Price/equity per share <sup>2</sup>  | 0.7        | 0.5        | 0.5                 |
| Share price at end of period   | 136.5      | 80.2       | 90.0                |
| <b>Staff</b>   |            |            |                     |
| Average number of employees for the period converted into full-time employees <sup>4</sup> | 550        | 559        | 555                 |

<sup>1</sup> Refer to note 9 for a specification of total impairment losses and provisions.

<sup>2</sup> Calculated based on the number of outstanding shares at end of period.

<sup>3</sup> Calculated based on the average number of shares during the period.

<sup>4</sup> Engaged in financial business.

<sup>5</sup> Q1-Q3 2021 and Q1-Q3 2020 have been calculated exclusive of the profit for the period.

# Notes

## 2 Summary of significant accounting policies

The Q1-Q3 2021 financial statements of Sparekassen (Parent) have been prepared in accordance with the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc, as well as additional Danish disclosure requirements for interim reports for listed financial companies.

The accounting policies remain unchanged with respect to those applied in the presentation of the consolidated financial statements for 2020.

Sparekassen's 2020 Annual Report and other reports on capital requirement, statutory report on corporate social responsibility etc can be found on this website: [www.spks.dk/om/regnskab](http://www.spks.dk/om/regnskab)

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

Measuring certain assets and liabilities is subject to management estimates of how future events affect the value of such assets and liabilities. Estimates, which are significant to the presentation of financial statements, are made, for example, when determining write-downs on impaired loans and advances, and provisions. The estimates used are based on assumptions which are considered reasonable by Management, but which are inherently uncertain.

The most significant estimates made by Management in using the Group's accounting policies and the related key sources of estimation uncertainty are the same used in the preparation of the interim financial statements for the year as those used to prepare the consolidated financial statements for 2020.

# Notes

| Note                                    | Amounts in DKK'000 | Sparekassen Sjælland-Fyn A/S<br>(Parent) |                |
|---|--------------------|--|----------------|
|   |                    | 30.09.2021                               | 30.09.2020     |
| <b>4 Interest income</b>                |                    |  |                |
| Credit institutions and central banks   |                    | 397                                      | 432            |
| Loans and other amounts owed            |                    | 361,382                                  | 359,174        |
| Bonds                                   |                    | 21,744                                   | 25,431         |
| Total derivatives                       |                    | 22,691                                   | 19,339         |
| Thereof: - Interest rate contracts      |                    | 23,428                                   | 19,939         |
| - Foreign exchange contracts            |                    | -736                                     | -600           |
| Other interest income                   |                    | 754                                      | 290            |
| <b>Total interest income</b>            |                    | <b>406,968</b>                           | <b>404,666</b> |
| <b>4a Negative interest income</b>      |                    |  |                |
| Credit institutions and central banks   |                    | 9,328                                    | 9,979          |
| Bonds                                   |                    | 9,138                                    | 5,738          |
| <b>Total negative interest income</b>   |                    | <b>18,466</b>                            | <b>15,717</b>  |
| <b>5 Interest expenses</b>              |                    |  |                |
| Credit institutions and central banks   |                    | 434                                      | 412            |
| Deposits and other debt                 |                    | 9,755                                    | 8,731          |
| Bonds issued                            |                    | 4,544                                    | 0              |
| Subordinated loan capital               |                    | 20,818                                   | 25,351         |
| Other interest expenses                 |                    | 2,351                                    | 1,908          |
| <b>Total interest expenses</b>          |                    | <b>37,902</b>                            | <b>36,402</b>  |
| <b>5a Positive interest expenses</b>    |                    |  |                |
| Credit institutions and central banks   |                    | 0  | 36             |
| Deposits and other debt                 |                    | 68,298                                   | 40,313         |
| <b>Total positive interest expenses</b> |                    | <b>68,298</b>                            | <b>40,349</b>  |

| Note  | Amounts in DKK'000 | Sparekassen Sjælland-Fyn A/S<br>(Parent) |                |
|---|--------------------|--|----------------|
|   |                    | 30.09.2021                               | 30.09.2020     |
| <b>6 Fees and commission income</b>   |                    |  |                |
| Securities trading and custody accounts                                       |                    | 59,870                                   | 61,339         |
| Payment services  |                    | 46,397                                   | 41,410         |
| Loan fees   |                    | 46,430                                   | 44,629         |
| Guarantee commission  |                    | 162,813                                  | 148,840        |
| Custody services  |                    | 56,450                                   | 44,974         |
| Other fees and commissions  |                    | 107,939                                  | 96,755         |
| <b>Total fees and commission income</b>                                       |                    | <b>479,899</b>                           | <b>437,947</b> |
| <b>7 Market value adjustments</b>   |                    |  |                |
| Bonds   |                    | -30,715                                  | -25,024        |
| Shares  |                    | 43,781                                   | 28,334         |
| Investment property   |                    | 143                                      | -632           |
| Foreign exchange  |                    | 9,757                                    | 9,297          |
| Currency, interest rate, share, commodity and other contracts and derivatives |                    | -23                                      | 281            |
| Assets related to pooled plans  |                    | 186,823                                  | -69,860        |
| Deposits in pooled plans  |                    | -186,823                                 | 69,860         |
| <b>Total market value adjustments</b>   |                    | <b>22,943</b>                            | <b>12,256</b>  |
| <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  |                    | 12,502                                   | 12,540         |
| <b>Total</b>  |                    | <b>12,502</b>                            | <b>12,540</b>  |
| <b>Staff costs</b>  |                    |  |                |
| Wages and salaries  |                    | 255,609                                  | 251,718        |
| Pension contributions   |                    | 29,260                                   | 28,220         |
| Social security expenses  |                    | 42,069                                   | 41,552         |
| <b>Total staff costs</b>  |                    | <b>326,938</b>                           | <b>321,490</b> |
| <b>Other administrative expenses</b>  |                    | <b>181,341</b>                           | <b>183,119</b> |
| <b>Total staff costs and administrative expenses</b>                          |                    | <b>520,781</b>                           | <b>517,149</b> |

# Notes

| Note     | Amounts in DKK'000  | Sparekassen Sjælland-Fyn A/S<br>(Parent) |                |
|----------|---|--|----------------|
|          |   | 30.09.2021                               | 30.09.2020     |
| <b>9</b> | <b>Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account)</b> |  |                |
|          | <b>Stage 1 impairment</b>   |  |                |
|          | Balance of stage 1 impairment losses at beginning of period   | 123,405                                  | 53,875         |
|          | New impairment losses (net)   | -4,866                                   | 78,748         |
|          | <b>Balance of stage 1 impairment losses at end of period</b>  | <b>118,539</b>                           | <b>132,623</b> |
|          | - Of which amounts owed by credit institutions and central banks  | 1  | 1              |
|          | <b>Stage 2 impairment</b>   |  |                |
|          | Balance of stage 2 impairment losses at beginning of period   | 147,611                                  | 98,318         |
|          | New impairment losses (net)   | 11,520                                   | 16,829         |
|          | <b>Balance of stage 2 impairment losses at end of period</b>  | <b>159,131</b>                           | <b>115,147</b> |
|          | - Of which amounts owed by credit institutions and central banks  | 659                                      | 273            |
|          | <b>Stage 3 impairment</b>   |  |                |
|          | Balance of stage 3 impairment losses at beginning of period   | 338,028                                  | 479,443        |
|          | New impairment losses (net)   | 8,585                                    | 24,695         |
|          | Other changes   | 13,200                                   | 18,000         |
|          | Previously written down, now finally written off  | 112,414                                  | 149,403        |
|          | <b>Balance of stage 3 impairment losses at end of period</b>  | <b>247,399</b>                           | <b>372,735</b> |
|          | - Of which amounts owed by credit institutions and central banks  | 0  | 0              |

| Note     | Amounts in DKK'000  | Sparekassen Sjælland-Fyn A/S<br>(Parent) |                |
|----------|---|--|----------------|
|          |   | 30.09.2021                               | 30.09.2020     |
| <b>9</b> | <b>Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)</b> |  |                |
|          | <b>Provisions losses for guarantees and undrawn credit facilities</b>   |  |                |
|          | Balance of provisions at beginning of year  | 115,954                                  | 73,252         |
|          | New provisions (net)  | -12,492                                  | 36,832         |
|          | Previously provided for, now finally written off  | 0  | 0              |
|          | <b>Balance of provisions at end of period</b>   | <b>103,463</b>                           | <b>110,084</b> |
|          | <b>Total</b>  |  |                |
|          | Balance of impairment losses/provisions at beginning of period  | 724,998                                  | 704,888        |
|          | Impairment losses/provisions for the period (net)   | 2,748                                    | 157,104        |
|          | Other changes   | 13,200                                   | 18,000         |
|          | Finally written off, previously written down/provided for   | 112,414                                  | 149,403        |
|          | <b>Balance of impairment losses/provisions at end of period</b>   | <b>628,533</b>                           | <b>730,589</b> |
|          | Impairment losses/provisions for the period (net)   | 2,748                                    | 157,104        |
|          | Written off, not previously written down/provided for   | 3,396                                    | 9,433          |
|          | Recovery of claims previously written off   | 27,536                                   | 20,635         |
|          | <b>Total recognised in the income statement</b>   | <b>-21,392</b>                           | <b>145,902</b> |

# Notes

## Sparekassen Sjælland-Fyn A/S (Parent)

| Note   | Amounts in DKK'000 | 30.09.2021       | 31.12.2020       | 30.09.2020       |
|--|--------------------|------------------|------------------|------------------|
| <b>10 Assets provided as collateral</b>                          |                    |                  |                  |                  |
| Bonds deposited with Danmarks Nationalbank, clearing centres etc |                    | 1,694,233        | 1,133,703        | 1,163,411        |
| Cash deposited with credit institutions, CSA agreements          |                    | 22,544           | 22,695           | 22,965           |
| Loss limit towards the Danish Growth Fund                        |                    | 259              | 260              | 260              |
| <b>Total</b>   |                    | <b>1,717,036</b> | <b>1,156,658</b> | <b>1,186,636</b> |

Unencumbered deposited securities may be released at call.

## 11 Capital resources

|   |                  |                  |                  |
|---|------------------|------------------|------------------|
| Equity excluding hybrid core capital  | 3,325,650        | 2,996,208        | 2,948,262        |
| Intangible assets   | -91,196          | -91,251          | -91,269          |
| Tax assets  | -117,751         | -154,016         | -150,328         |
| Proposed dividend   | 0                | 0                | 0                |
| Deduction, capital instruments exceeding 10%                                  | -354,441         | -244,883         | -251,688         |
| Other additions/deductions  | -168,145         | 215,533          | -94,190          |
| <b>Common Equity Tier 1 capital</b>   | <b>2,594,116</b> | <b>2,721,591</b> | <b>2,360,787</b> |
| Hybrid core capital   | 376,000          | 376,000          | 376,000          |
| <b>Core capital (including hybrid core capital) net of primary deductions</b> | <b>2,970,116</b> | <b>3,097,591</b> | <b>2,736,787</b> |
| Supplementary capital   | 570,533          | 569,669          | 569,380          |
| <b>Capital resources</b>  | <b>3,540,650</b> | <b>3,667,259</b> | <b>3,306,167</b> |

## Sparekassen Sjælland-Fyn A/S (Parent)

| Note   | Amounts in DKK'000 | 30.09.2021        | 31.12.2020        | 30.09.2020        |
|--|--------------------|-------------------|-------------------|-------------------|
| <b>11 Capital resources (continued)</b>  |                    |                   |                   |                   |
| <b>Risk exposures</b>  |                    |                   |                   |                   |
| Credit risk  |                    | 14,264,742        | 14,090,641        | 14,093,649        |
| Market risk  |                    | 937,318           | 899,612           | 1,276,842         |
| Operational risk   |                    | 2,005,246         | 1,879,639         | 1,879,639         |
| <b>Total risk exposures</b>  |                    | <b>17,207,305</b> | <b>16,869,892</b> | <b>17,250,130</b> |
| Capital ratio  |                    | 20,6              | 21,7              | 19,2              |
| Core capital ratio   |                    | 17,3              | 18,4              | 15,9              |
| Common Equity Tier 1 capital ratio   |                    | 15,1              | 16,1              | 13,7              |
| Capital resources, requirement under Section 124(2) of the Danish Financial Business Act |                    | 1,376,584         | 1,349,591         | 1,380,010         |

Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.09.2021 og 30.09.2020. Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 1.7 percentage points higher (30.09.2020: capital ratio, core capital ratio and common equity tier 1 capital ratio 1.6 percentage points higher).

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

# Notes

## Sparekassen Sjælland-Fyn A/S (Parent)

| Note   | Amounts in DKK'000 | 30.09.2021 | 31.12.2020 | 30.09.2020 |
|--|--------------------|------------|------------|------------|
| <b>11 Capital resources (continued)</b>                                |                    |            |            |            |
| Solvency capital elements calculated exclusive of transitional scheme  |                    |            |            |            |
| Common Equity Tier 1 capital   |                    | 2,411,717  | 2,517,833  | 2,286,032  |
| Core capital (including hybrid core capital) net of primary deductions |                    | 2,787,717  | 2,893,833  | 2,662,032  |
| Capital resources  |                    | 3,358,250  | 3,463,502  | 3,231,413  |
| Total risk exposures   |                    | 17,109,146 | 16,750,961 | 17,218,439 |
| Capital ratio  |                    | 19.6       | 20.7       | 18.8       |
| Core capital ratio   |                    | 16.3       | 17.3       | 15.5       |
| Common Equity Tier 1 capital ratio                                     |                    | 14.1       | 15.0       | 13.3       |

Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.09.2021 og 30.09.2020. Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 1.8 percentage points higher (30.09.2020: capital ratio, core capital ratio and common equity tier 1 capital ratio 1.1 percentage points higher).

# Definitions of official key ratios etc

## Return on invested capital

Calculated profit for the year relative to total assets in %

## Accumulated impairment ratio

Impairment losses on loans and advances and provisions for guarantees etc as a percentage of loans and advances plus impairment losses on loans and advances plus guarantees plus provisions for guarantees etc

## Price/earnings per share

Price/earnings per share for the period

## Price/equity per share

Price/equity value per share (DKK)

## Return on equity before tax

Profit before tax as a percentage of average equity. Average equity is calculated as a simple average of opening and closing amounts.

## Return on equity after tax

Profit after tax as a percentage of average equity. Average equity is calculated as a simple average of opening and closing amounts.

## Common equity tier 1 capital ratio

Common equity tier 1 capital/Risk-weighted exposures

## Income/cost ratio according to "New Ways "

Net interest and fee income plus other operating income/Staff costs and administrative expenses, amortisation, depreciation and impairment losses and other operating expenses

## Book value per share (DKK)

Equity/Share capital exclusive of treasury shares

## Income/cost ratio (DKK)

Income for the year divided by costs for the year inclusive of impairment losses on loans and advances and other receivables etc

## Capital ratio

Capital resources as a percentage of total risk exposure

## Core capital ratio

Core capital as a percentage of total risk exposure

## Excess capital adequacy in percentage points

Capital resources – capital requirements/Risk-weighted exposures \* 100

## Liquidity coverage ratio (LCR)

Amount of liquid assets as a percentage of net outflow over a 30-day period

## Liquidity benchmark

The liquidity benchmark reflects Sparekassen's ability to stand a three-month stress test

## Eligible liabilities (%)

Eligible liabilities as a percentage of total risk exposure

## Rate of cost

Staff costs and administrative expenses, amortisation, depreciation and impairment losses and other operating expenses/Net interest and fee income plus other operating income

## Impairment ratio for the period

Impairment losses for the period as a percentage of loans and advances plus impairment losses on loans and advances plus guarantees plus provisions for guarantees etc

## Earnings per share (DKK)

Profit for the period after tax/Average number of shares

## Growth in loans and advances for the period

Growth in loans and advances from beginning of year to end of year in % (exclusive of reverse business)

## Zero interest loans and advances relative to total loans and advances

Zero interest loans and advances/Total loans and advances

## Interest rate risk relative to core capital net of deductions

Interest rate risk as a percentage of core capital

## Total large exposures (<175%)

The total of the 20 largest exposures as a percentage of common equity tier 1 capital

## Dividend per share (DKK)

Dividend proposed/Share capital

## Loans and advances relative to equity

Loans and advances/Equity

## Loans and advances and loan impairment losses relative to deposits

Loans and advances and loan impairment losses as a percentage of deposits

## Currency position relative to core capital net of deductions

Currency indicator 1 as a percentage of core capital

## Currency risk relative to core capital net of deductions

Currency indicator 2 as a percentage of core capital

