

A harbor scene at sunset. In the foreground, several sailboats are docked at a pier. The water is dark blue with golden reflections from the setting sun. In the background, there are modern buildings with large glass windows and balconies. The sky is a clear, deep blue. The overall mood is serene and modern.

Annual Report 2021

Highlights from 2021

PROFIT BEFORE TAX

Is DKK 531.0m

Profit before tax is up 120%, providing a 15.7% return on opening equity.

NET PROFIT

Provides a 13.1 % return on opening equity

Net profit stands at DKK 443.5m.

CAPITAL RATIO

Gone up to 23.3 %

Sparekassen's capital position is developing most satisfactorily.

CORE EARNINGS

Up 29 %

Recent years' highly satisfactory developments continued in 2021.

NET INTEREST AND FEE INCOME

Up 6 %

Net interest and fee income is up by DKK 68.3m to stand at DKK 1,217.5m.

LEVEL OF COSTS

Down 5 %

Staff costs and administrative expenses and amortisation, depreciation and impairment losses on assets have gone down by a total of DKK 36.2m to DKK 758.8m.

DIVIDEND

DKK 6.00 per share

Distribution of DKK 6.00 in dividend per share recommended to the Annual General Meeting.

IMPAIRMENT LOSSES ON LOANS AND ADVANCES ETC

Reversal of DKK 24.8m

The stable development in the credit quality of Sparekassen's customers continues. Total management add-ons have been increased by DKK 7.5m compared to the amount at 31 December 2020 to stand at DKK 219.3m at 31 December 2021.

EARNINGS EXPECTATIONS FOR 2022 RANGING FROM

DKK 385-510m before tax

Sparekassen expects its strong core earnings to continue and is budgeting for increased impairment losses and lower translation and market value adjustments compared to 2021.

LAUNCHING OF A NEW STRATEGY

In April 2022

Sparekassen will present its new strategy and financial targets for the next strategy period at the end of April 2022.

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

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

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Management commentary

With a pre-tax profit of DKK 531.0m for 2021, Sparekassen Sjælland-Fyn reports its best financials so far. Net of tax, profit stands at DKK 443.5m, providing a 13.1% return on opening equity. This performance reflects the four-year journey that Sparekassen has been on with its strategic plan “New Ways”. Having successfully executed a range of efficiency improvement and optimisation initiatives etc, Sparekassen’s position is stronger than ever.

Permanent improvement of core earnings

In 2021, Sparekassen’s core earnings are up 29% on 2020. Among the reasons for this increase are continued heavy activity in the housing and asset management area, income and cost initiatives regularly launched over the past four years as part of “New Ways”, the influx of new corporate and private customers, and increased business with existing customers. Customers in the corporate segment in particular appreciate Sparekassen’s local presence, short chain of command, and our power and capabilities to handle both large and more complex accounts. The sum of these activities and initiatives is an improved earnings base, a continuously declining level of costs, and a permanent boost in Sparekassen’s core earnings.

Housing activities represent a cornerstone in Sparekassen’s earnings base. Even though both the supply of housing and housing prices have stabilised in 2021, the level of activity has remained high. Also, we welcomed many new customers to Sparekassen. This has been contributory in Sparekassen increasing mortgage loans arranged to Totalkredit – to finance private homes – and to DLR Kredit – to finance agricultural and commercial property – by a

total of DKK 3.5bn in 2021, or 8%. So, total mortgage loans arranged are over DKK 47.6bn. This has strengthened the income basis in the short term in the form of increased fee income from refinancing and raising of mortgage loans, but also in the longer term in the form of increased commission income.

Sparekassen’s total fee and commission income has gone up by DKK 55.1m in 2021, or 10%, to stand at DKK 634.6m at the end of 2021.

Also, its entire loan book has improved since customers’ credit quality is going in an increasingly more positive direction. Although 2021 has brought uncertainty and challenges too because of COVID-19, both private and corporate customers have generally emerged well from the year, which is positive.

Cost-wise, we have – with costs being a permanent focal point – succeeded in lowering costs further in 2021. So Sparekassen’s total staff costs and administrative expenses and amortisation, depreciation and impairment losses on assets have gone down by DKK 36.2m, or 5%.

This development is very satisfactory – not least in view of business volume from 2017 to 2021 having grown by 41% per employee. This reflects an increase in business volume with existing customers, the influx of new customers, and that the efforts of pooling Sparekassen’s resources in the best way possible, as defined in “New Ways”, have come to fruition.

Sparekassen has executed on its “New Ways” strategy

When Sparekassen launched its four-year strategy, “New Ways”, in November 2017, both ambitions and financial targets were high. Seven strategic paths and priority areas were to help future-proof Sparekassen.

Over the four-year strategy period, we have not only executed on the change initiatives and measures defined, we have also embraced the new conditions and opportunities of today in our own way.

This way, we have succeeded, for example, in:

- Strengthening our position and image as a purpose-driven listed business

- Strengthening our position as a savings bank for small and medium-sized enterprises
- Developing our digital communication and powering up our marketing activities
- Strengthening our business areas across Private Customers, Corporate Customers and Asset Management and, in doing so, increased the volume of business with our customers
- Moving digitalisation to each employee’s desk and optimising processes that has freed time for our key stakeholders: our customers
- Developing our IT systems and utilising our data better to make decisions
- Improving our capabilities and ensuring better coordination of our internal initiatives.

This strengthened basis of Sparekassen is mirrored in the realisation of – almost – all the financial targets that we had set at the onset of the strategy period.

Outcome of the “New Ways” key figures at the end of the strategy period in 2021:

- Increased efficiency: 1.75 (*maximum target: 1.75*)
- Solid profitability in the form of a return on equity after tax: 12.4% (*target level: 9-11%*)
- High income/cost ratio: DKK 1.58 (*minimum target: DKK 1.70*)
- A strong foundation in the form of a common equity tier 1 capital ratio and a capital ratio of 17.5% and 23.3%, respectively (*targets of 13.0% and 17.0%, respectively*)

The Executive Board would like to say a huge thank you to Sparekassen's shareholders, customers and staff for their support – not just in 2021 but also throughout Sparekassen's journey with "New Ways".

The outcome is that Sparekassen's position is stronger than ever and proof that you can run a purpose-driven listed business both profitably and competitively for the benefit of both shareholders, customers and staff.

We are proud of the confidence and interest, our shareholders have shown us, and recommend – in view of the record-breaking profit for 2021 – to the Annual General Meeting to decide to also pay out a record dividend of DKK 6.00 per share to Sparekassen's shareholders.

Sparekassen will present its new strategy for the next strategy period at the end of April 2022.

Outlook for 2022

Sparekassen expects to maintain its strong core earnings in 2022. Translation and market value adjustments are budgetted to be lower than in 2021 whereas we expect impairment losses to go up.

Pre-tax earnings expectations for 2022 then range from DKK 385-510m.

Lars Petersson
Chief Executive Officer

Bruno Riis-Nielsen
Executive Officer of the Savings Bank

Lars Bolding
Executive Officer of the Savings Bank

Jan Kolbye Jensen
Executive Officer of the Savings Bank



JAN KOLBYE JENSEN
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	2021	2020	Indeks ¹	2019	2018	2017
Income statement items						
Interest income calculated under the effective interest method	509	509	100	540	569	577
Other interest income	58	60	97	74	37	29
Negative interest income*	26	24	108	18	12	-
Interest expenses	50	46	109	43	54	64
Positive interest expenses	91	58	157	12	-	-
Net interest income	582	557	104	565	541	542
Dividends on shares	18	29	62	25	24	27
Fees and commission income	635	579	110	541	459	449
Fees and commission expenses paid	17	16	106	18	19	20
Net interest and fee income	1,218	1,149	106	1,113	1,005	999
Translation and market value adjustments	30	16	188	-44	21	43
Other operating income	16	21	76	27	16	31
Staff costs and administrative expenses	723	729	99	726	746	691
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	36	66	55	85	49	59
Other operating expenses	20	23	87	19	20	19
Impairment losses on loans and advances etc	-25	161	-	17	4	33
Investments in associates and group enterprises	22	35	63	2	8	3
Profit for the year before tax	531	242	220	251	230	273
Income tax	87	13	669	25	22	16
Profit for the year after tax	444	229	194	227	208	257
Profit allocated to shareholders	419	204	205	202	148	201

2017, negative interest income from treasury bills are included under interest expenses.

Sparekassen Sjælland-Fyn A/S (Group)

Amounts in DKK'm	31.12 2021	31.12 2020	Indeks ¹	31.12 2019	31.12 2018	31.12 2017
Balance sheet items						
Loans and advances etc	12,067	11,951	101	12,217	12,174	11,681
Deposits	19,766	20,001	99	18,700	18,223	16,589
Deposits in pooled plans	2,405	2,082	116	1,771	1,313	905
Total deposits	22,171	22,083	100	20,470	19,536	17,495
Subordinated loan capital	670	570	118	673	454	403
Equity	3,796	3,382	112	3,237	3,083	2,812
Balance sheet total	28,001	27,266	103	25,359	23,857	21,487
Capital resources	3,973	3,655	109	3,480	3,125	2,767
Total business volume (deposits, loans, advances and guarantees)	41,478	41,160	101	39,426	37,068	34,388
Guarantees	7,240	7,126	102	6,738	5,357	5,213
Total credits arranged	59,686	56,076	106	52,278	48,404	44,874
Custody accounts	15,077	11,800	128	10,555	9,558	11,077

Developments in Sparekassen's business areas

Loans and advances etc	12,067	11,951	101	12,217	12,174	11,681
Totalkredit	34,980	32,331	108	29,811	27,229	25,336
DLR	12,639	11,794	107	10,250	9,001	7,857
Guarantees (exclusive of loss guarantees for mortgage loans)	4,319	4,276	101	4,173	2,955	3,046
Deposits	19,766	20,001	99	18,700	18,223	16,590
Deposits in pooled plans	2,405	2,082	116	1,771	1,313	905
Custody accounts	15,077	11,800	128	10,555	9,558	11,077
Total	101,253	94,235	107	87,477	80,453	76,492
Average headcount (full-time employees on average)	548	555	99	587	616	585
Per employee	185	170	109	149	131	131

¹ Index - 31.12.2021 relative to 31.12.2020

Nøgletal

Sparekassen Sjælland-Fyn A/S Group

	2021	2020	Indeks ¹	2019	2018	2017
Financial ratios						
Capital ratio	23.3	21.8	107	20.1	17.7	16.3
Core capital ratio	19.7	18.4	107	16.2	15.1	14.0
Common equity Tier 1 capital	17.5	16.1	109	14.0	13.0	10.7
Excess capital adequacy in percentage points	13.5	11.7	115	10.6	8.2	7.2
Return on equity before tax ²	14.8	7.3	203	8.0	8.0	10.1
Return on equity after tax ²	12.4	6.9	180	7.2	7.2	9.5
Income/cost ratio DKK	1.70	1.25	136	1.30	1.28	1.34
I/O jf. Nye veje	1.58	1.43	110	1.37	1.25	1.34
Rate of cost	63.1	69.9	90	72.8	79.8	74.7
Interest rate risk relative to core capital net of deductions	0.2	0.1	200	0.2	-1.0	1.1
Currency position relative to core capital net of deductions	0.7	1.3	54	0.6	0.7	0.7
Currency risk relative to core capital net of deductions	0.0	0.0	100	0.0	0.0	0.0
Loans and advances relative to equity	3.2	3.5	91	3.8	3.9	4.2
Loans and advances plus loan impairment losses relative to deposits	56.9	57.0	100	62.9	67.5	72.2
Growth in loans and advances for the year ²	1.0	-2.2	-	0.4	5.5	11.5
Impairment ratio for the year	-0.1	0.7	-	0.1	0.0	0.2
Accumulated impairment ratio ³	3.1	3.6	86	3.7	5.8	5.6
Zero interest loans and advances relative to total loans and advances	0.2	0.6	33	0.6	0.9	-
Liquidity benchmark	523	456	115	383	318	-
Liquidity LCR	501	416	120	335	278	263
Total large exposures	68.6	67.7	101	76.5	96.1	125.4
Return on invested capital ²	1.6	0.9	178	0.9	0.9	1.2
Earnings per share (DKK) ⁴	24.3	11.8	206	11.7	9.3	15.3
Dividend per share (DKK)	6.0	0.0	-	3.0	2.5	0.0
Book value per share (DKK)	198.1	173.8	114	164.7	155.3	170.9
Price/earnings per share ⁴	6.8	7.6	89	7.7	8.7	7.4
Price/equity per share ⁵	0.8	0.5	160	0.5	0.5	0.7
Price at year-end (DKK)	165.0	90.0	183	89.6	80.4	114.5
Average headcount (full-time employees on average) ⁶	548	555	99	587	616	585
Average headcount (converted into full-time employees at year-end) ⁶	545	556	98	561	622	613

¹ Index – 31 December 2021 relative to 31 December 2020

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

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

⁴ Calculated based on the average number of shares during the year.

⁵ Calculated based on the number of outstanding shares at the end of the year.

⁶ Engaged in financial business

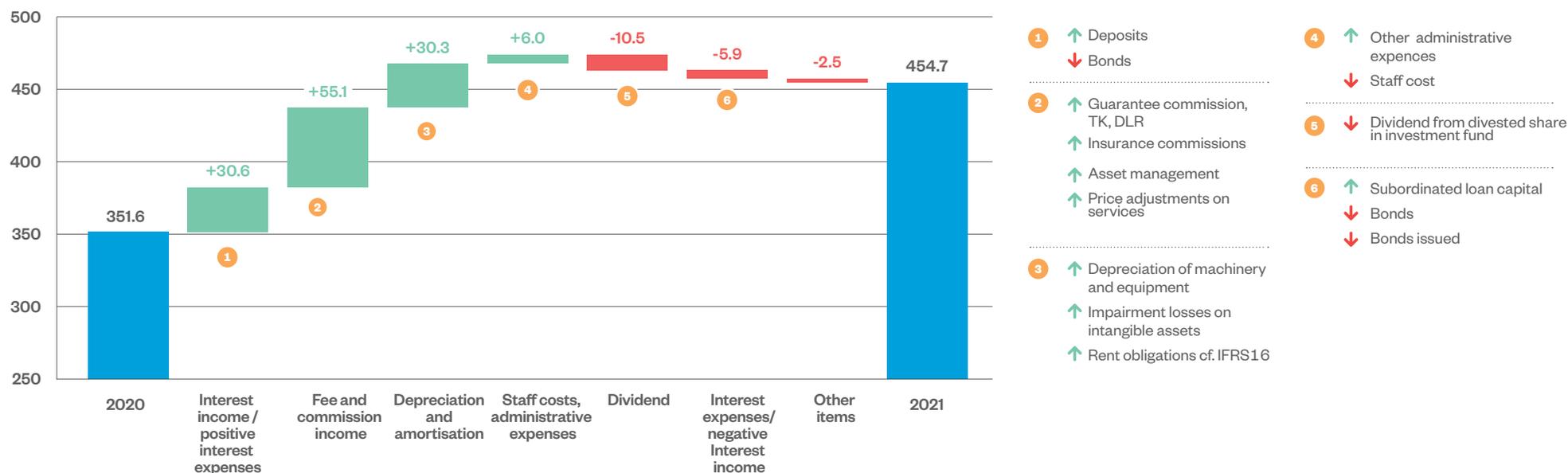


Core earnings

Sparekassen Sjælland-Fyn A/S (Group)

Amounts in DKK'm	YTD 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021	YTD 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Core earnings										
Net interest income	581.6	142.6	143.4	149.6	146.0	556.9	145.1	141.1	132.4	138.2
Dividends on shares	18.5	0.3	0	15.8	2.4	29.0	0	0	17.0	12.0
Fees and commission income	634.6	156.2	156.2	155.9	166.3	579.5	142.4	136.8	134.9	165.4
Fees and commission income paid	17.2	4.3	4.3	4.0	4.5	16.1	4.6	3.9	3.6	4.0
Other operating income	15.6	4.1	4.2	3.9	3.5	20.7	7.3	4.2	4.1	5.2
Other operating expenses	19.7	6.2	4.3	6.5	2.7	23.3	9.0	3.8	5.0	5.6
Core income	1,213.4	292.7	295.2	314.8	311.0	1,146.7	281.2	274.4	279.8	311.2
Staff costs and administrative expenses	723.1	188.8	176.3	184.9	173.1	729.1	195.9	176.9	178.0	178.3
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	35.8	7.0	11.4	8.2	9.2	66.0	25.6	15.8	12.9	11.7
Core earnings	454.7	96.9	107.5	121.7	128.7	351.6	59.7	81.7	88.9	121.2

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 31.12.2021	Group 31.12.2020
The total of large exposures as a percentage of common equity tier 1 capital	<175 %	68.6	67.7
Loan growth per annum	<20 %	1.0	-2.2
Property exposure of loans advances and guarantees	<25 %	11.0	10.9
Liquidity benchmark	>100 %	522.8	455.6

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

Financial year 2021

Pre-tax profit has increased by 120% on the same period last year and totals DKK 531.0m, which is the largest profit in the history of Sparekassen. This performance has been prompted by increasing net interest income, continuously increasing fee and commission income, declining staff costs and administrative expenses and amortisation, depreciation and impairment losses on assets, positive translation and market value adjustments, and a low level of impairment charges. In early 2021, earnings expectations for the year ranged between DKK 300m and DKK 340m. These expectations have subsequently been adjusted upwardly several times.

Net profit stands at DKK 443.5m, equivalent to an annual return on opening equity of 13.1%.

The financial performance is considered most satisfactory

Income statement

Income

Net interest income

Net interest income has increased by 4% and amounts to DKK 581.6m against DKK 556.9m in the same period in 2020.

Total interest income has seen a decrease of DKK 2.8m and amounts to DKK 566.5m. Interest income from loans and advances is running counter to recent years' tendency of decline and has increased marginally. In 2021, interest income from loans and advances

amounts to DKK 507.1m against DKK 507.0m last year. The development primarily represents a controlled and moderate increase in average lending for the year compared to last year and a moderate decline in the average lending rate. However, the development in the balance of loans and advances should constantly 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 3.5bn, or 8%, over the last 12 months. However, the activity of arranging mortgage loans has also had the positive effect on interest income that arbitrage premiums from interest rate contracts have gone up by DKK 2.7m. Interest income from bonds, on the other hand, has declined by DKK 4.6m, which has primarily been caused by a lower average flat yield on Sparekassen's bond portfolio. Other interest income, including foreign exchange contracts, has seen a small decline.

Negative interest income amounts to DKK 25.9m against DKK 23.5m at the end of 2020. The increase in negative interest income is attributable to the bond portfolio where Sparekassen has had placements in bonds carrying a negative interest rate, including treasury bills.

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 3.5m to DKK 49.9m, which is primarily attributable to an increase in interest expenses for bonds issued (senior non-preferred bonds) of DKK 6.4m. 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 4.3m contributes in the opposite direction.

Because of the continuously low interest rate levels - with Denmark's Nationalbank last lowering the interest rate for financial institutions' current account deposits by a negative 0.10 percentage points to a negative 0.60 percentage points effective from 1 October 2021- Sparekassen has in recent years 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

33.3m on 2020. At the end of Q4 2021, positive interest expenses stand at DKK 90.9m.

Dividend

Sparekassen has received DKK 18.5m in dividends against DKK 29.0m at year-end 2020. 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 55.1m, or 10%, totalling DKK 634.6m against DKK 579.5m at 31 December 2020.

Even though 2021 was marked by continuing lifting and reintroduction of various COVID-19 restrictions, Sparekassen has experienced massive business activity, especially from existing customers, but also from new ones, resulting in increases in earnings and business volume in the corporate customer segment as well as the private customer segment. Customers in the corporate segment in particular appreciate Sparekassen's local presence, short chain of command, and our power and capabilities to handle both large and more complex accounts. 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 H2 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 2021 when mortgage loans arranged total DKK 47.6bn, corresponding to an 8% increase over the last 12 months. Developments are the primary reason for guarantee commissions having increased by DKK 18.8m 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 an increase in commission income.

Translation and market value adjustments

Translation and market value adjustments amount to DKK 29.6m against DKK 16.2m in 2020. Market value adjustments of bonds stand at a negative DKK 34.0m against a negative DKK 31.4m at 31 December 2020. 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 2020, and throughout 2021 in particular, Sparekassen has generally pursued a relatively conservative approach to placing surplus liquidity in that this has primarily been placed in short-term floating bonds yielding a negative return, which is reflected in the negative market value adjustments. Market value adjustments of shares stand at DKK 56.0m against DKK 46.1m in 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.

Market value adjustments of investment property stand at a negative DKK 6.0m compared to a negative DKK 10.3m last year. The primary reason for this positive development is fewer market value adjustments of investment property of the subsidiary Ejendomsselskabet Sjælland-Fyn A/S. Value adjustments of foreign currencies and other financial instruments are up by DKK 1.7m and total DKK 13.5m.

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 15.6m against DKK 20.7m for the same period last year. One of the reasons 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

Staff costs and administrative expenses have gone down by DKK 6.0m and amount to DKK 723.1m. Overall, staff costs inclusive of remuneration for the Executive Board and the Board of Directors have gone up by a total of DKK 3.7m, or by just under 1%. This development reflects a slight decline in headcount, pay and pension adjustments arising from collective agreements, and a continued increase in payroll tax.

Other administrative expenses have gone down by DKK 9.7m to DKK 267.0m. 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 data centre, Bankdata, have stagnated, and 2021 has seen a slight decline in Sparekassen's total IT costs.

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 35.8m, which is a decrease of DKK 30.3m compared to 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 5% to stand at DKK 758.8m.

Impairment losses on loans and advances etc

These impairment losses represent a reversal of DKK 24.8m, which is a DKK 185.7m improvement on 2020 when they totalled DKK 160.9m. 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 166.5m in 2020 to total DKK 211.8m at 31 December 2020.

From a COVID-19 perspective, vaccination programmes, lifting of restrictions and a reasonable normalisation of every-day life for both businesses and private households have typified much of 2021. However, towards the end of the year, the COVID-19 pandemic resurged and resulted in certain, yet not so tough restrictions being reintroduced. The reintroduction of these restrictions have particularly affected cultural life, restaurants, bars and night life.

It is evident, however, that the recovery of Danish economy is in full swing, and currently we are seeing healthy economic growth and high employment rates. Analyses from both Danmarks Nationalbank and the Danish Economic Councils also predict that the positive GDP growth rates and high employment rates will continue in 2022. Furthermore, the pace in the real property market has been at a historic high in some periods of 2021, although there has been a slightly declining trend towards the end of 2021 and in the beginning of 2022. Against this background, both Danmarks Nationalbank and the Systemic Risk Councils have recommended intervention by the government to curb the skyrocketing property prices and, in doing so, reduce the risk of the most vulnerable home owners ending up in an economic storm should property prices suddenly go down. Most business sectors are also experiencing an extremely high level of activity while also facing certain challenges of manpower shortage, increasing energy prices, long lead times and shortage of materials and raw materials, resulting in increases in prices. In the agricultural segment, pig producers are experiencing volatile settlement prices which are very 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, as many producers are currently seeing settlement prices that are lower than their production costs.

However, 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 2021 and a lower level for IFRS 9 impairment losses.

Considering the above factors, Sparekassen believes that, overall, Danish economy is proceeding soundly through 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. In 2021, the total amount of management add-ons has increased by DKK 7.5m in all to stand at DKK 219.3m at 31 December 2021. 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 home owners 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 home owners in growth areas and pig producers have consolidated well in recent years and are characterised by having fairly

robust finances. Management add-ons at 31 December 2021 total DKK 219.3m, corresponding to around 1.8% of the balance of loans and advances. Sparekassen believes that this level still reflects a conservative approach to uncertainty of 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, 2021 was not impacted to the same degree by considerable increases in management add-ons.

Another point is that impairment charges include a 14% rise in income from amounts recovered on claims previously written off compared to 2020, corresponding to a rise of DKK 4.6m to DKK 37.2m.

Profit from investments in associates and group enterprises

Profit from investments in associates and group enterprises has decreased by DKK 13.0m to DKK 22.0m. 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 has a stake of over 20% in Nordfyns Bank. Because of Nordfyns 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 within Profit from investments in associates and group enterprises". Instead, the shareholding will be stated at and regularly adjusted to fair value directly through equity as other comprehensive income.

Profit for the year

Pre-tax profit for the year is up 120% and amounts to DKK 531.0m against DKK 241.9m in 2020. Net profit amounts to DKK 443.5m against DKK 228.7m in 2020. An almost unchanged DKK 24.5m of the profit for the year is allocated to interest on hybrid core capital. So, the shareholders' share of profit for the year, inclusive of dividend proposed, amounts to DKK 419.0m against DKK 204.2m last year.

The profit for the year is considered most satisfactory.

In light of this most satisfactory financial performance, it is recommended to the Annual General Meeting to decide to distribute a dividend of DKK 6.00 per share.

Subsequent events

After the balance sheet date and up to the date of publication of the Annual Report, Sparekassen on 3 February 2022 settled DKK 50m worth of subordinated loan capital. This settlement is recognised in the balance sheet at 31 December 2021 but it is not included in the calculation of capital resources. No other events have occurred subsequent to the balance sheet date 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 over DKK 3.5bn is a result of Danmarks Nationalbank's change in its business terms.

Amounts owed by credit institutions and central banks

Sparekassen has for some years held a massive deposit surplus, amounting to DKK 7.7bn, exclusive of deposits in pooled plans, at 31 December 2021. The primary placement channels for this type of liquidity are mortgage credit bonds, the current account and, until mid-March 2021, also certificates of deposit. The primary reason for the huge decline of DKK 4.6bn in amounts owed

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 7.3bn compared to DKK 6.1bn at 31 December 2020. Sparekassen endeavours to regularly place excess liquidity taking a relatively cautious approach to minimise the risk of major 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 since 1 October 2021. The increase in Sparekassen's bond portfolio is primarily a result of the allocation of surplus liquidity of which a larger portion was placed in bonds and a smaller portion with Danmarks Nationalbank compared to the situation at the end of 2020.

Loans and advances

The balance of loans and advances at 31 December 2021 has gone up by DKK 0.1bn on the balance at 31 December 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 moderate increase in 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 the end of 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 3.5bn over the last 12 months, and total credits arranged in the form of loans and mortgage loans amount to DKK 59.7bn at 31 December 2021.

Shares

The portfolio of shares totals DKK 723.1m against DKK 566.9m in 2020. 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 shares and holds a major stake in Nordfyns Bank and Møns Bank. The portfolio of shares has primarily increased because of the shares acquired in Nordfyns

Bank, Møns Bank and the continuous value adjustment of sector companies.

Sparekassen 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 measure over the year shows a risk equaling about 1% of equity.

Investments in associates

Investments in associates amount to DKK 223.7m and relate, among other matters, to the acquisition of a block of shares accounting of over 20% of the share capital in Lollands Bank.

Land and buildings

Land and buildings total DKK 491.1m against DKK 438.0m at 31 December 2020. The increase primarily reflects the acquisition of owner-occupied property.

Total credits arranged

	2021 DKK'm	2020 DKK'm	2019 DKK'm	2018 DKK'm	2017 DKK'm
Loans and advances etc, Sparekassen	12,067	11,951	12,217	12,174	11,681
Totalkredit	34,980	32,331	29,811	27,229	25,336
DLR	12,639	11,794	10,250	9,001	7,857
Total	59,686	56,076	52,278	48,404	44,874

Equity and liabilities

Deposits

The deposits balance exclusive of deposits in pooled plans stands at DKK 19.8bn at the balance sheet date compared to DKK 20.0bn at financial year-end 2020, equal to a decrease of 1%. The decrease in the deposits balance is primarily attributable to corporate customers who at the end of 2020 had an extraordinary amount of funds available because of various government aid packages and a decline in deposits on temporary custody accounts.

Deposits in pooled plans

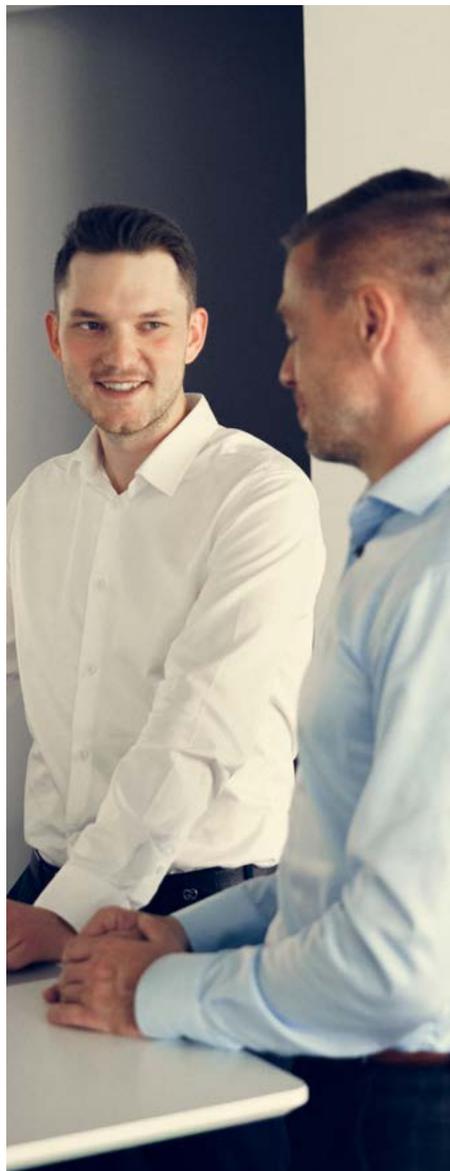
Deposits in pooled plans have increased by 16% on 31 December 2020 and amount to over DKK 2.4bn. Aside from value adjustments, the increase may to some degree probably be explained by the continuously low interest rate levels, which means that customers are turning their eye to alternatives other than 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 amounts to DKK 670.1m compared to DKK 569.7m at 31 December 2020. In December 2021, Sparekassen issued DKK 100m worth of new subordinated loan capital. After the balance sheet date – more specifically on 3 February 2022 – Sparekassen settled DKK 50m worth of subordinated capital.



The DKK 50m now settled is not included in the capital resources at 31 December 2021. 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 3,795.5m at the balance sheet date against DKK 3,382.1m at 31 December 2020. The increase in equity is primarily attributable to the profit for the period, reduced by interest paid on hybrid capital.

Financial review for Q4 2021

Net interest income has gone down by DKK 2.5m to DKK 142.6m compared to Q4 2020. This decline is primarily a result of a slight decrease in interest income from loans and advances and increasing interest expenses for bonds issued (senior non-preferred bonds). An increase in positive interest expenses on deposits contributes in the opposite direction.

Fee and commission income is up 10% and can be calculated at DKK 156.2m against DKK 142.3m in Q4 2020. Price adjustments and reasonable business activity in both the corporate customer segment and the private customer segment have resulted in generally increasing fee income on the services that Sparekassen offers to its customers. Income from managing customers' custody account funds and guarantee commissions from arranging mortgage loans are on the rise too.

Translation and market value adjustments stand at DKK 8.4m, and in Q4 2020 they stood at DKK 13.6m. Market value adjustments of

bonds total a negative DKK 3.4m, representing a gain of DKK 3.1m. Market value adjustments of shares stand at DKK 12.3m against DKK 17.8m in 2020. Value adjustments of investment property, foreign currencies and derivatives are down from DKK 2.4m in 2020 to a negative DKK 0.4m in Q4 2021.

The line items of staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have gone down from a total of DKK 221.5m in Q4 2020 to DKK 195.8m in Q4 2021. Staff costs have gone down by just over 1% whereas other administrative expenses and the item of amortisation or depreciation have seen a larger decrease.

In Q4 2021, impairment losses represent an income of DKK 0.7m whereas in Q4 2020 impairment losses on loans and advances represented an expense of DKK 16.7m. Q4 2020 was marked by around DKK 27m in management add-ons due to COVID-19, which is the primary reason for the development.

Pre-tax profit for Q4 2021 amounts to DKK 110.1m compared to DKK 60.7m in Q4 2020, representing an 81% increase. Net profit for the period amounts to DKK 91.9m against DKK 60.1m for the same period in 2020. The development in the profit generated, and the fact that this is primarily attributable to a positive development in earnings before translation and market value adjustments and impairment losses, is considered most satisfactory.

“New Ways” – Status of Sparekassen’s 2021 strategic plan

Sparekassen Sjælland-Fyn’s purpose is to help make our local areas a better place to live, work and run a business while our vision is to be the market-leading local and digital alternative to the national banks. .

To support our purpose and vision as well as to prepare for a time that was imposing requirements on Sparekassen’s ability to change and develop, we launched the strategy “New Ways” in 2017, see company announcement no 18 of 6 November 2017.

As part of this strategy, we formulated four ambitious financial targets and seven strategic paths intended to help us realise our goals.

We have been successful in going new ways

Over the four-year strategy period, we have launched and executed more than 1000 small and big change initiatives and measures – all with the seven strategic paths as their starting point – and we have embraced the new conditions and opportunities of today in our own way without increasing costs.

We have succeeded, for example, in:

- Strengthening our position and image as a purpose-driven listed business
- Strengthening our position as a savings bank for small and medium-sized enterprises

- Developing our digital communication and powering up our marketing activities
- Strengthening our business areas across Private, Corporate and Asset Management and, in doing so, increasing the volume of business with our customers
- Moving digitalisation to each employee’s desk and optimising processes that has freed time for our key stakeholders: our customers
- Developing our IT systems and utilising our data better to make decisions
- Improving our capabilities and ensuring better coordination of initiatives.

At the same time, we have in our strategic work been conscious of having both customers and staff walk with us on the journey: You must want to be an employee and a customer of Sparekassen.

The outcome is a strengthened savings bank. We have gained a stronger organisation and a

more homogeneous culture. Our competitive power in the market has been strengthened, and we have obtained recognition from both customers and staff in the form of stronger loyalty and cohesion.

This strengthened basis of Sparekassen is mirrored in the realisation of – almost – all the financial targets that we had set at the onset of the strategy period.

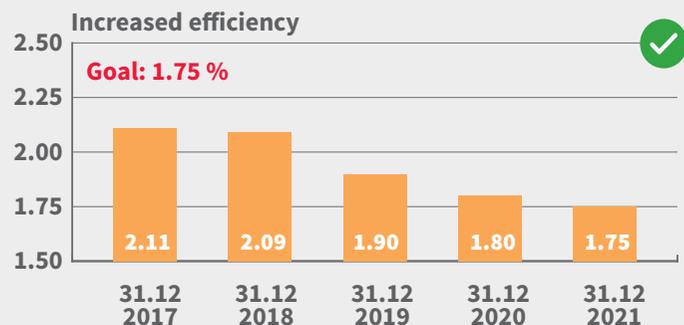
“New Ways” was a transformation strategy with a long-term focus to put Sparekassen in the best position possible. These efforts will continue in the coming strategy period. The new strategy that is to take over where “New Ways” will finish, will be published before the end of April 2022.



1 Increased efficiency

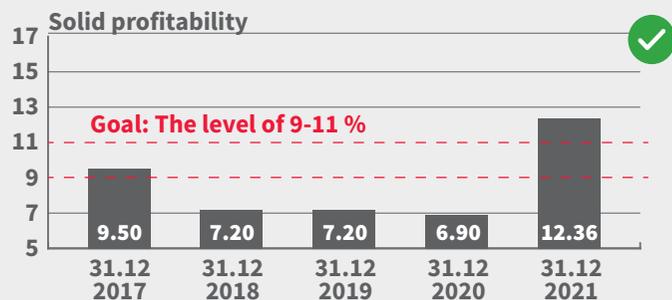
Staff costs and administrative expenses and business volume (deposits, loans and advances and guarantees), with business volume being calculated as a simple average of opening and closing amounts for the financial period. In interim statements, the ratio is annualised. The ratio is calculated in per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

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



2 Solid profitability

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



3 High income/cost ratio

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

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

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

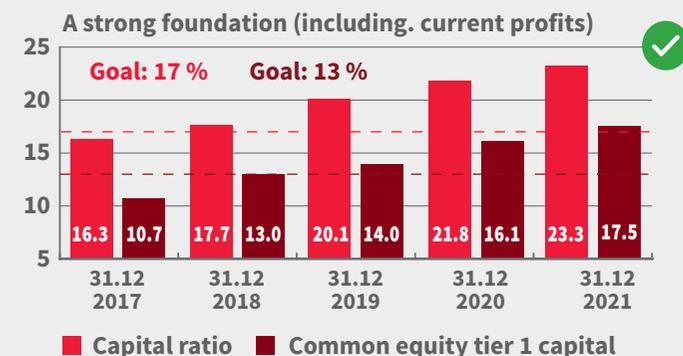
- 1) Strong focus on efficiency measures so as to be able to handle more business with the same amount or a reduced amount of resources.
- 2) Tight cost control to utilise the savings potential, including savings through branch network optimisations and administrative efficiency improvements.
- 3) Optimisation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



4 A strong foundation

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

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



The seven paths

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



Path 4 We need to train to create more business

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



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

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



Path 5 We need to optimise our systems and processes

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



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

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



Path 6 Our data must be used to improve business

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



Path 3 We must realise the digital potential

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



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

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

Capital structure and liquidity of the Group

Capital structure

Sparekassen's risk exposures total DKK 17,017m against DKK 16,799m at 31 December 2020, which is an increase of DKK 218m. Credit risk has gone up by DKK 162m on 31 December 2020 because of the increase in equity investments and the weighting thereof. Market risk is down DKK 71m, which is attributable to changes in the composition of the securities portfolio. Operational risk, however, is up DKK 127m.

Risk exposures DKK'm

	2021	2020
Credit risk	14,148	13,986
Market risk	829	900
Operational risk	2,040	1,913
Total	17,017	16,799

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

At 31 December 2021, capital resources are DKK 318m larger than at 31 December 2020 and amount to DKK 3,973m. The increase is primarily attributable to retained earnings and to the issuance of supplementary capital.

Sparekassen's capital ratio is then 23.3 % against 21.8% at 31 December 2020. The core capital ratio has gone up by 1.3 percentage points on the same date last year and stands at

19.7% whereas the common equity tier 1 capital ratio is up 1.4 percentage points to 17.5 %.

Capital ratios (%)

	2021	2020
Capital ratio	23.3	21.8
Core capital ratio (including hybrid core capital	19.7	18.4
Common equity tier 1 capital ratio	17.5	16.1

The capital requirement has been calculated at 9.8%, leading to an excess capital adequacy ratio of 13.5 percentage points. In Danish kroner, this excess is equivalent to DKK 2,301m.

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 11.0 percentage points. In Danish kroner, this excess is equivalent to DKK 1,876m.

In the Q4 statement of Sparekassen's capital requirement, a provision of DKK 30m has been made, corresponding to 0.18 percentage points, under credit risks to match the uncertainty related to COVID-19. Sparekassen believes that at least the quarters ahead will still be subject to material uncertainty because of the COVID-19 situation.

Eligible liabilities

Financial sector regulation has implemented a requirement for financial institutions regarding the amount of on-balance sheet eligible liabilities. The requirement for eligible liabilities aims to ensure that financial institutions have sufficient eligible liabilities to enable the execution of an appropriate restructuring or resolution of a financial institution should it be failing or likely to fail.

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

The requirement for eligible liabilities is gradually phased in and will take full effect from 1 January 2024.

It is the Danish Financial Supervisory Authority (Danish FSA) that calculates and lays down 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 2021, Sparekassen received the requirement for eligible liabilities based on the 2020 accounting figures, which are therefore currently applicable from 1 January 2024. At group level, the requirement for eligible liabilities has been calculated at 16.3%. The requirement for the Parent is largely the same. With the current capital resources and 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 10.2 percentage points at 31 December 2021 (13.6 percentage points at 31 January 2022). With the current capital resources and eligible liabilities, the fully phased-in requirement for eligible liabilities is met as well with a margin of 7.1 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 objective is to have a capital ratio surplus of at least 2.5 percentage points.

This surplus should be viewed in relation to the total amount of (i) Pillar I requirements, (ii) Pillar II add-ons (8+ add-on) and (iii) expected combined buffer requirement for each year (2.5% at 30 June 2020 as a result of the countercyclical capital buffer having been reset, and with a maximum of 5.0%). Another objective of Sparekassen is to have a common equity tier 1 capital ratio surplus of at least 2.5 percentage points. This surplus should be viewed in relation to the total amount of common equity tier 1 capital to meet (i) Pillar I requirements (at least 4.5%) and (ii) expected combined buffer requirement for each year (2.5% at 30 June 2020 as a result of the countercyclical capital buffer having been reset, and with a maximum of 5.0%), and Pillar II requirements that are not covered by supplementary capital or hybrid core capital.

Sparekassen's capital measure, excess capital adequacy and capital plans in the short and long term are discussed and approved by the Board of Directors on a regular basis and at least once a year. According to Sparekassen's strategic plan, "New Ways", the long-term objective is for the common equity tier 1 capital ratio and the capital ratio to be at least 13.0% and 17.0%, respectively, by the end of 2021. These objectives will be regularly evaluated in relation to new capital requirements implemented that were not known at the beginning of the strategy period.

In connection with the publication of Sparekassen's new strategy, the Board of Directors will have reassessed the objectives.

Liquidity

Overall, Sparekassen's business model dictates that deposits must fund loans and advances



and that Sparekassen must not be dependent on external funding by way of market funding and potentially transient deposits.

At 31 December 2021, Sparekassen has a deposit surplus of DKK 7.7bn 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, the current funding profile is regarded as being relatively stable and subject to low risk.

Liquidity Coverage Ratio (LCR)

At 31 December 2021, Sparekassen's LCR is 501% against the applicable statutory requirement of a minimum LCR of 100%. So, the excess liquidity coverage ratio relative to the statutory requirement is 401 percentage points. Given 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 523% under the Supervisory Diamond rules for the benchmark relative to a minimum surplus threshold of 100%. Consequently, Sparekassen continues to have a solid surplus.

Liquidity target

Sparekassen's liquidity target in the short and long term is to constantly have sufficient liquidity with comfortable excess cover relative to current liquidity requirements. A comfortable excess cover means a level in the range of 25 percentage points relative to the LCR requirement, which prescribes a liquidity coverage of

100% of net cash outflow covering a period of 30 days. The 25-percentage point excess cover is also the target for the liquidity benchmark of the Danish FSA Supervisory Diamond. Here the requirement is 100% as well. The internal liquidity management uses higher requirements for excess covers, which gives a longer response time to handle liquidity transactions before there is a risk of exceeding the high excess cover requirements.

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

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 204% at 31 December 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)

	2021		2020		2019		2018		2017	
	DKK'm	%								
3 / 2a – Loans, advances and guarantees with normal credit quality	11,480	59.5	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	6,681	34.6	6,911	36.2	6,424	33.9	4,942	28.2	4,174	24.7
2c – Loans, advances and guarantees with substantial weaknesses	715	3.7	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	431	2.2	578	3.0	704	3.7	1,197	6.8	1,366	8.1
Total	19,307	100.0	19,077	100.0	18,954	100.0	17,531	100.0	16,894	100.0

Loans, advances, and guarantee debtors by sector

	2021	2020	2019	2018	2017
	%	%	%	%	%
Public authorities	0.1	0.1	0.4	0.8	1.0
Business					
Agriculture, hunting, forestry and fisheries	9.1	8.5	8.2	8.3	7.4
Industry and extraction of raw materials	2.4	2.3	2.1	2.0	1.9
Energy supply	0.2	0.2	0.1	0.0	0.0
Building and construction	5.9	6.0	5.3	5.0	4.7
Trade	5.3	4.8	5.8	5.8	5.4
Transport, hotels and restaurants	1.9	1.8	1.9	2.0	2.2
Information and communication	0.7	0.9	0.8	0.7	0.8
Financing and insurance	5.0	4.7	5.3	4.1	4.4
Real property	9.4	9.3	9.9	11.0	11.8
Other business	6.1	6.3	7.0	7.3	7.0
Total business	46.0	44.8	46.3	46.3	45.5
Private	53.9	55.1	53.3	52.9	53.5
Total	100.0	100.0	100.0	100.0	100

Group

Sparekassen Sjælland-Fyn A/S, Group

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

Group enterprises and their business activities:

Sparekassen Sjælland-Fyn A/S, Parent

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

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

Ejendomsselskabet Sjælland-Fyn A/S, subsidiary

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

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

Investeringselskabet Sjælland-Fyn A/S, subsidiary

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

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

Leasing Fyn Faaborg A/S, subsidiary

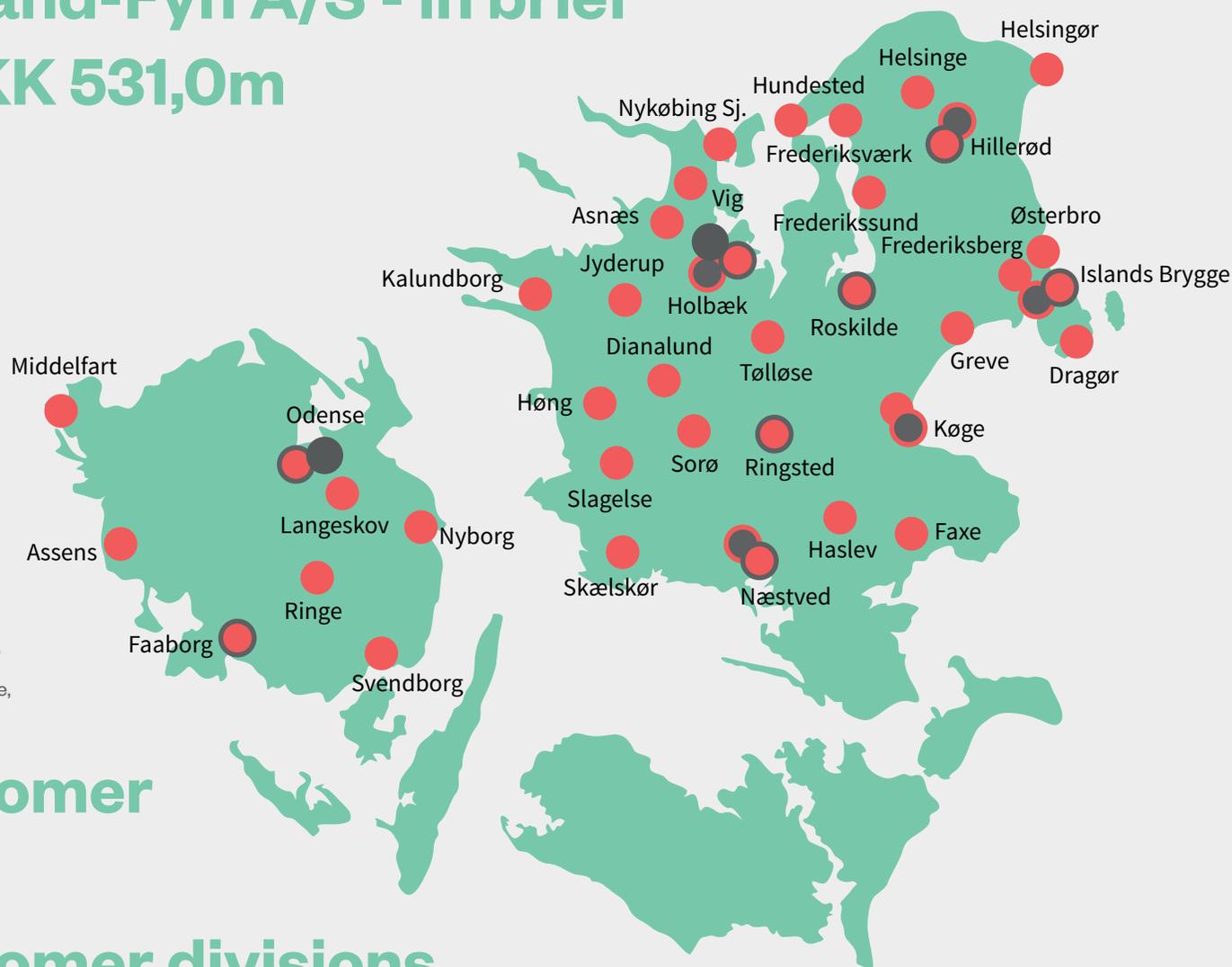
The company holds 33.33% of the shares in Leasing Fyn Bank A/S and, through this structure, it engages in finance leases for small and medium-sized enterprises.

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

Sparekassen Sjælland-Fyn A/S - in brief

Pre-tax profit of DKK 531,0m

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



37 branches

Fordelt på Sjælland og Fyn

8 district centres

Faaborg, Hillerød, Holbæk, Islands Brygge, Næstved, Odense, Ringsted and Roskilde

2 corporate customer centres

Zealand (Holbæk) and Funen (Odense City)

5 corporate customer divisions

Hillerød, Holbæk, Islands Brygge, Næstved and Køge

Foundation of Sparekassen's business

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

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

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

Our market focus

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

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

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

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

Our customers and shareholders

Sparekassen has more than 160,000 customers, and about 21,000 of them are also shareholders. We aim to have long-term full-service customer relationships and would like all our customers to become shareholders in Sparekassen.

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

Our strategy – private customers

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



Our strategy – corporate customers and unit trusts

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

Our distribution network

At Sparekassen, we want to create the optimum distribution network so that we are able to offer customers close local service and advice. Our distribution network consists of 37 branches in eight geographical areas, two corporate customer centres and five corporate customer divisions, which are backed up by a number of experts. Considering customer behaviour and profitability, we regularly evaluate whether our distribution network could be optimised.

To increase our market share of small and medium-sized enterprises on Zealand, we have pooled our corporate capabilities in five corporate customer divisions in our market area. In addition, we have set up two large corporate customer centres – one in Holbæk and one in Odense. Corporate customers are serviced by the corporate customer divisions, taking into consideration risk and complexity, whereas corporate customers with large exposures are handled by our corporate customer centres.

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

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

Our business areas, products and services

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

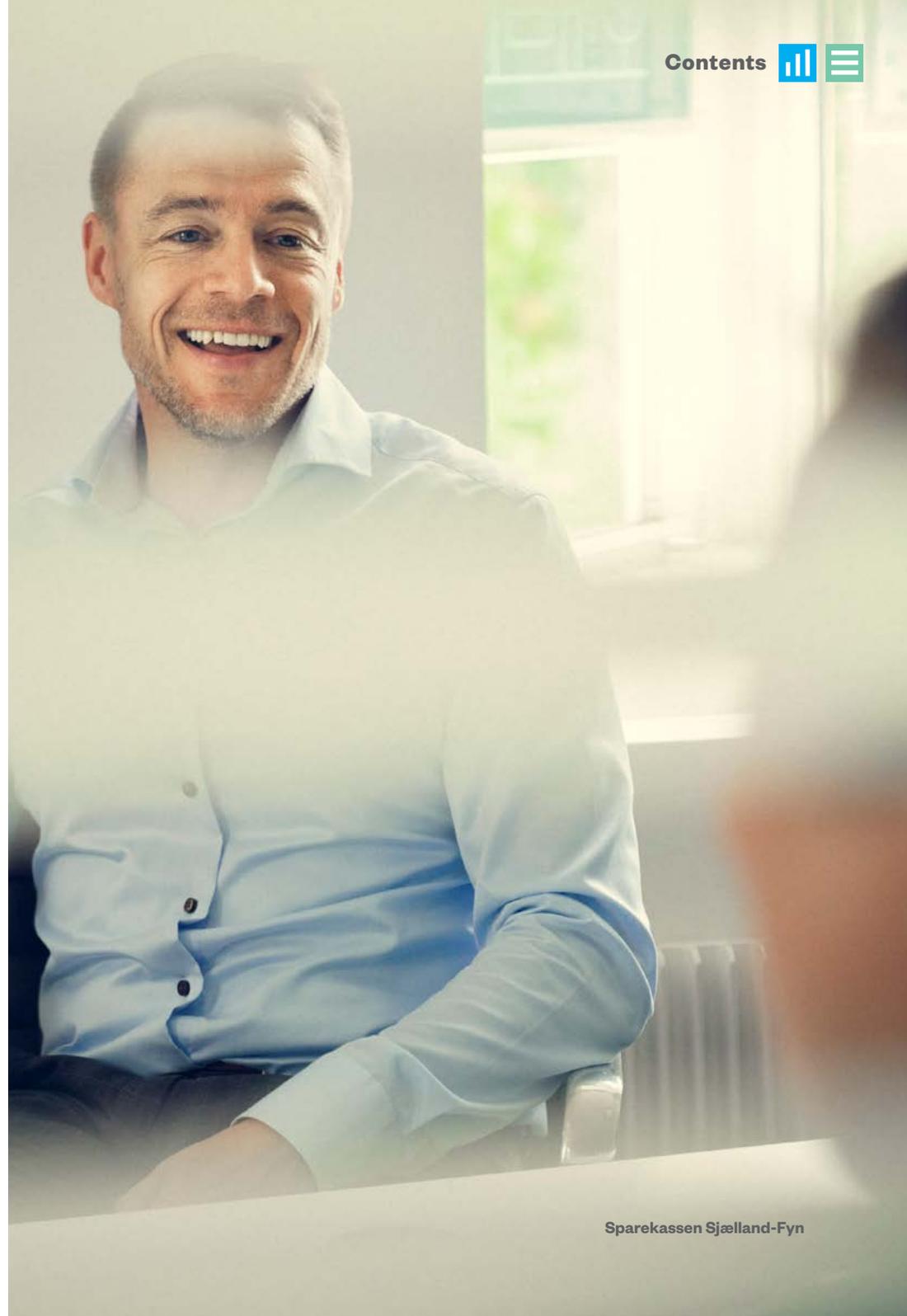
Sparekassen is working closely with a number of partners to be able to provide the best products and the best advisory services. We have partners in the areas of mortgage credit, leasing, insurance, pension, and investment products. As part of this, Sparekassen receives a brokerage and guarantee commission for certain products. Information about our business partners is available on Sparekassen's website, www.spks.dk/samarbejdspartnere

Our infrastructure and organisation

A well-functioning infrastructure is a precondition for our ability to deliver value to our customers. The key components of this infrastructure are our staff and the use of IT, which we constantly seek to optimise. As regards our staff, we make a point of attracting and retaining talented people who can match our aim and objective of providing high-quality advice and consistently with Sparekassen's values and corporate culture. We also want to ensure flexibility in the way both employees and Sparekassen solve their tasks – and to adapt to developments in the labour market. For that same reason, we offer our employees the opportunity to work from home.

A large portion of Sparekassen's IT operations and development have been outsourced to Bankdata – supplemented with strong in-house IT skills for proprietary development where this is required and creates value for the rest of the organisation.

At organisation level, the basis of Sparekassen is customer focus, adaptability and simplicity using our values and a healthy corporate culture. With 37 branches in eight areas, two corporate customer centres and five corporate customer divisions, we have provided the framework for a high level of local decision-making powers to make sure we make our decisions close to our customers and based on local conditions – this supports good and attentive customer advice.



Corporate governance and statutory report on corporate governance

Corporate governance and statutory report on corporate governance

This statutory report on corporate governance covers the financial period 1 January to 31 December 2021.

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

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

Recommendations for corporate governance

At the end of 2020, the Committee on Corporate Governance issued revised recommendations for corporate governance applicable

from the financial year 2021. These revised recommendations have focus on long-term value creation and introduce new terms such as sustainability and purpose. The recommendations are available at the Committee's website: <https://corporategovernance.dk>

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

With three exceptions, Sparekassen complies with the principles of "Recommendations for Corporate Governance".

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

As the Board of Directors is not elected by the General Meeting, Sparekassen cannot follow the recommendation that the notice convening a general meeting where the agenda includes the election of members to the board of directors, include (in addition to the statutory requirements) a description of the qualifications, other executive functions etc of the nominated candidates.

The Board of Directors has established a whistleblower scheme that is available to all employees of Sparekassen. For other stakeholders, we have decided to refer, via our website, to the schemes of the Danish FSA and the Danish Data Protection Agency, for which reason Sparekassen does not fully meet the recommendation of making available a whistleblower scheme for other stakeholders.

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

Finance Denmark's code of conduct

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

Sparekassen observes these recommendations which go beyond legislation. The disclosures as

well as additional information on Sparekassen's observance of the recommendations in Finance Denmark's code of conduct are published in a report on Sparekassen's website [www.spks.dk/om_sparekassen/organisation# politikker](http://www.spks.dk/om_sparekassen/organisation#politikker)

No policy on shareholder engagement

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

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

Data ethics policy

Sparekassen falls within the new provision in section 135d of the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc. Companies having a data ethics policy must supplement their

management commentary with a report on their data ethics policy.

In 2021, Sparekassen adopted a data ethics policy. The report on the data ethics policy can be found on Sparekassen's website: www.spks.dk/politikker

Composition of the Committee of Representatives

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

The members of the Committee of Representatives at 31 December 2021 are listed in the Annual Report under "Committee of Representatives, Board of Directors and Board of Directors Committees" and on Sparekassen's website: www.spks.dk/om_sparekassen/organisation#repraesentantskab

Composition of the Board of Directors

Sparekassen's Board of Directors consists of 4-9 members who are elected by and among the members of the Committee of Representatives. In addition, the Board of Directors consists of a number of members elected by the employees under existing laws. According to the Articles of Association, the Committee of Representatives may also elect board mem-

bers that are not members of the Committee of Representatives to ensure that Sparekassen always meets the current requirements for relevant knowledge and experience of board members in a credit institution. The members of the Board of Directors are elected for two years at a time, and they may be re-elected.

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

In addition to the continuous evaluation of the board work, an annual regular evaluation procedure is performed where both the entire Board of Directors' and each board member's competences are evaluated. The conclusion of the evaluation performed for 2020 was that both the individual board members and the entire Board have the right competences to handle the board work of Sparekassen in a way that shareholders find satisfactory. No external assistance was used for the evaluation in 2020. External assistance was used for the evaluation in 2021. Findings and conclusions from the 2021 evaluation will be reviewed by the Nomination Committee and the entire Board of Directors, respectively, in February and March 2022. Going forward, external assistance is expected

to be involved in the evaluation at least every three years.

The Board of Directors' competence profile

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

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

- Management competence - management experience, strategy, risk management, execution and control.
- Board of Directors competence - experience in board work, understanding and knowledge.
- Business competence - ability to turn ideas into business.
- Finance competence - ability to understand and respect financial circumstances, including accounting insight.
- Professional competence - knowledge of the financial sector and its competitive situation.
- General competence - insight into social conditions, including corporate and private sector conditions.

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

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

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

The nomination of candidates for election at Sparekassen's meeting of the Committee of

Representatives is made on the basis of these principles.

Pages 30-36 show the managerial posts held by the members of the Board of Directors and the Executive Board, other disclosures, including whether the board members are dependent or independent in relation to Sparekassen, their age and the period for which they are elected to the Board of Directors etc.

Board work

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

The Board of Directors makes decisions on, for example, authorisation of large exposures, acquisitions, major investments and divestments, the size and composition of capital resources, non-current liabilities, budgets, control and audit matters, and operational matters.

The Board of Directors' rules of procedure lay down procedures for its tasks and responsibilities, procedures for holding board meetings etc. These rules of procedure are reviewed and

evaluated at least once a year by the Board of Directors and are regularly adjusted to the situation of Sparekassen.

The Board of Directors convenes according to a pre-determined meeting schedule, and when deemed necessary. Normally, Sparekassen holds a yearly strategy seminar where its vision, objectives and strategy are determined. Moreover, the Board of Directors normally every year attends a seminar along with other financial institutions.

The Board of Directors has held 22 board meetings in 2021, and one of them was a board seminar.

Nomination Committee

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

www.spks.dk/om/organisation/bestyrelsesudvalg#nomineringsudvalg

The Nomination Committee has held three meetings in 2021.

Remuneration Committee

The Board of Directors has appointed a Remuneration Committee. This Committee is to undertake the preparatory work, which will subsequently serve as a basis for the Board's

decisions on remuneration, including remuneration policy and identification of significant risk-takers. The written terms of reference of the Remuneration Committee are available on Sparekassen's website: www.spks.dk/om/organisation/bestyrelsesudvalg#afloenningsudvalg

The Remuneration Committee has held two meetings in 2021.

Remuneration policy

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

The remuneration policy is approved annually at the Annual General Meeting of Sparekassen and was last approved on 10 March 2021.

Salaries and remuneration to the Board of Directors and the Executive Board are specified in Sparekassen's remuneration report for 2021: www.spks.dk/politikker

The total amount of salaries to key risk-takers is disclosed in note 8.

The remuneration policy is published on Sparekassen's website: www.spks.dk/om/organisation#politikker

Audit Committee

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

- To inform those charged with governance about the outcome of the statutory audit, including the financial reporting process.

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

The written terms of reference of the Audit Committee are available on Sparekassen's website: www.spks.dk/om/organisation/bestyrelsesudvalg#revisionsudvalg

The Committee meets according to a fixed schedule at least four times a year, to a great extent based on the monitoring of the financial reporting processes. The Audit Committee has held six meetings in 2021.

Risk Committee

Moreover, in accordance with financial legislation, Sparekassen's Board of Directors has set up a risk committee that prepares the Board's work and advises the Board on Sparekassen's risk profile and risk strategy and ensures implementation of the Board's risk strategy etc so that the Board is aware of current and relevant risks when making business decisions. The Risk Committee's work is specified in written terms of reference that are available on Sparekassen's website: www.spks.dk/om/organisation/bestyrelsesudvalg#risikoudvalg

The Risk Committee has held seven meetings in 2021.

Managerial posts

Please refer to pages 30-36 of this Annual Report.

Executive Board

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

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

Shareholders

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

The Board of Directors regularly assesses whether the capital structure is consistent with the interests of Sparekassen and its shareholders. The general objective is to ensure a capital

structure that supports long-term profitable growth.

The shareholders' voting rights are exercised as follows:

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

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

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

Annual General Meeting

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

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

General meetings – both ordinary and extraordinary – are convened by the Board of Directors not earlier than five weeks and not later than three weeks before the general meeting through announcement at Nasdaq Copenhagen and th-

rough announcement at Sparekassen's website as well as in writing to all the shareholders listed in the register of shareholders who have made a request in this respect.

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

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

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

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

Risk management

Sparekassen assumes different risks as part of carrying on financial business and other related activities. The most significant types of risk are credit risk, market risk, liquidity risk and operational risk, including IT risk. The Board of Directors defines the Group's risk policies and the framework for the risk areas that Sparekas-

sen is exposed towards. The Executive Board provides, within the policies, the framework for each division's and employee's powers in carrying on risky operations.

To provide an overview of the individual and collective risks, Sparekassen has established a CRO function and appointed a Chief Risk Officer who is also head of the CRO function. The Chief Risk Officer is responsible to the Executive Board.

The overall goals of risk management are that Sparekassen, with early and precise identification of risks, learning of events and focused management of assumed risks, achieves satisfactory earnings on a known risk basis. For further specifications of Sparekassen's risk management and current risks, see note 42 to the financial statements.

Compliance

Sparekassen's Compliance function, which is part of the CRO function, assesses and checks the observance of the legislation, industrial standards and internal rules applicable to Sparekassen. Moreover, the Compliance function assesses whether the business processes and controls that are implemented as part of Sparekassen's control environment are designed so as to detect whether the sets of rules are complied with.

The Compliance function is headed by a Compliance Officer who is responsible to the head of the CRO function, but reports directly to the Executive Board.

Anti-money laundering

An independent Head of the Anti-Money Laundering function has been appointed, who

is responsible for Sparekassen's anti-money laundering setup, which is to implement measures to prevent Sparekassen from being used for money laundering or financing of terrorism.

The Head of the Anti-Money Laundering function is responsible to the Executive Board.

Capital management

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

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

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

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

The reports on risk data and capital requirement are available on Sparekassen's website: www.spks.dk/om_sparekassen/regnskab

Financial reporting process

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

It is the Finance Department that books, reconciles, analyses, and handles general quality assurance in Sparekassen's financial reporting processes. The financial reporting processes are described in detail in a number of business processes to ensure that items are handled in compliance with current legislation and internal instructions. As part of the process, time schedules are prepared defining the delivery time and the person responsible, which ensures that financial statements are prepared and submitted for the Audit Committee and the Board of Directors to discuss and approve the financial statements within the set deadlines.

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

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

Control environment

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

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

Sparekassen wants a strong control environment which can help reduce its risks. Therefore, the Executive Board monitors compliance with relevant laws and other regulations and provisions and reports to the Board of Directors on an ongoing basis.

Risk assessment

At least once a year, the Board of Directors makes an overall assessment of risks relating to the financial reporting process. As part of risk management, the Board of Directors considers the risk of fraud and the measures to be taken in order to reduce and/or eliminate such risks. Moreover, the Board of Directors assesses

whether day-to-day management may be able to override controls and exert inappropriate influence on the financial reporting process.

Auditors

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

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

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

Disclosure requirements

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

The report is available on Sparekassen's website: www.spks.dk/regnskab.

Chairman of the Board of Directors
Thomas Kullegaard

Board of Directors



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

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

1953 - Year of birth

Residing in Holbæk

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

Executive Officer

Tokasi Holding ApS • Kasito ApS
Tokasi Thomas ApS

Education

Architect M.A.A.

Board member

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

Special competences

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

Shareholding

26,182 shares

Independent

Term of office expires in 2022

Vice-Chairman of the Board of Directors
Jakob Nørrekjær Andersson



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

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

1967 - Year of birth

Residing in Holbæk

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

Member of the Risk Committee

Executive Officer

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

Education

Banking school

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

Board member

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

Special competences

- Broad business insight in particular within finance, accounting, control and the credit area
- Meets the requirement of qualifications as a member of the audit committee in financial services companies
- Broad knowledge of the corporate area and particularly the building industry

Aktiebeholdning

17,600 shares

Independent

Term of office expires in 2023

Board member
Bent Andersen



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

1948 - Year of birth

Residing in Aarhus

Chairman of the Risk Committee

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

Education

Banking school
Bachelor of Commerce

Chairman of the Board of Directors

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

Board member

Vinhandler N.O. Andersens Legat

Special competences

- Experience in board work
- Management of financial enterprise at Executive Board level

- Industry insight within financing, properties and agriculture
- Financial insight, particularly within credit rating and risk management
- Insight in social conditions and the corporate and private sectors

Shareholding

3,523 shares

Independent

Term of office expires in 2022

Board member
Torben Dalby Larsen



2021 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S

1949 - Year of birth

Residing in Ringsted

Member of the Audit Committee

Chief Editor

Education

Journalist
CBS Board Leadership Education

Special competences

- Board work in the financial sector
- Management and business experience
- Business conditions and development strategies in Eastern Denmark
- Competences within finance and business development

Shareholding

1,554 shares

Independent

Term of office expires in 2023

Board member
Erik Larsen



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

1958 - Year of birth

Residing in Dalmose

Member of the Audit Committee

Farmer with five properties, pig production and agricultural contractor work

Education

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

Board member

Ejendomsselskabet Sjælland-Fyn A/S
 Investeringselskabet Sjælland-Fyn A/S
 Landbrug & Fødevarer • OK a.m.b.a., næstformand • Danoil Exploration A/S
 Danoil II ApS • Energidata A/S • Kamstrup A/S • OK Energiteknik A/S
 OK Plus A/S • OK Plus Butiksdrift A/S
 Samfinans A/S

Special competences

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

Shareholding

6,192 shares

Independent

Term of office expires in 2023

Board member
Otto Spliid



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

1961 - Year of birth

Residing in Odense

Executive Officer

SLK Advokatanpartsselskab

Attorney-at-law/Partner

Focus Advokater Komplementar ApS
 Focus-Advokater P/S

Education

Master of Law

Chairman of the Board of Directors

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

Board member

Ejendomsselskabet Sjælland-Fyn A/S
 Investeringselskabet Sjælland-Fyn A/S
 Am Værktøj Odense A/S • Autohuset Vestergaard A/S Personvogne
 Autohuset Vestergaard Personvogne

Holding A/S • AV Biludlejning A/S
 El-Team Fyn A/S • Gartneriet Thoruplund A/S, Fraugde • Maskinfabrikken H.M.A. Odense A/S
 Rehabiliter & Busser A/S • Schiang Living A/S

Special competences

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

Shareholding

5,138 shares

Independent

Term of office expires in 2022

Board member

Helle Lindhof Bjørnøe



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

1963 - Year of birth

Residing in Holbæk

Member of the Remuneration Committee and the Nomination Committee

Customer Advisor Private Banking, Sparekassen Sjælland-Fyn A/S

Education

Banking school

Certified wealth adviser

Shareholding

3,188 shares

Term of office expires in 2024

Board member

Per Olsen



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

1963 - Year of birth

Residing in Copenhagen

Member of the Risk Committee

Development Manager, Sparekassen Sjælland-Fyn A/S

Education

Banking school

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

Shareholding

5,348 shares

Term of office expires in 2024

Board member
Mads Wallin



2016 - Member of the Board of Directors of Sparekassen Sjælland-Fyn A/S, employee representative

1980 - Year of birth

Residing in Holmegaard

Member of the Remuneration Committee and the Nomination Committee

Area Manager, Sparekassen Sjælland-Fyn A/S

Education

Savings bank school

Diploma in business administration (financial planning) (HD), specialised in management and project management

Master's degree in management

Shareholding

768 shares

Term of office expires in 2024

Chief Executive Officer
Lars Petersson

Executive Board



2015 - Chief Executive Officer

2010 - Managing Director

2009 - Joined the Executive Board

1986 - Year of employment

1967 - Year of birth

Residing in Arnakke

Education

Banking school

Master's degree in management

Chairman of the Board of Directors

Holbæk Kommunes Talentråd

Museum Vestsjælland

Impagt Invest Sjælland A/S

Board member

Ejendomsselskabet Sjælland-Fyn A/S

Investeringsselskabet Sjælland-Fyn A/S

BI Holding A/S

DLR Kredit A/S

Shareholding

34,344 shares

Executive Officer of the Savings Bank

Bruno Riis-Nielsen



2016 - Executive Officer of the Savings Bank

2014 - Year of employment

1953 - Year of birth

Residing in Holbæk

Education

Banking school

Chairman of the Board of Directors

Leasing Fyn Faaborg A/S

Board member

Finance Zealand

Leasing Fyn Bank A/S

Shareholding

8,024 shares

Executive Officer of the Savings Bank

Lars Bolding



2019 - Executive Officer of the Savings Bank

2019 - Year of employment

1964 - Year of birth

Residing in Holbæk

Education

Banking school

SMB INSEAD

Board member

Nærpension Forsikringsformidling A/S

Shareholding

17,000 shares

Executive Officer of the Savings Bank

Jan Kolbye Jensen



2022 - Executive Officer of the Savings Bank

2016 - Year of employment

1964 - Year of birth

Residing in Arnakke

Shareholding

8,646 shares

Education

A.P. Møller Maersk - Officer education programme

MBA - Henley Business School

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

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

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

In 2021, the gender composition of Sparekassen's board members is 89% male and 11% female. It is Board of Director's objective to increase the share of women in the Committee of Representatives so that there will be a recruitment basis of both genders for directorships. Since 2012, the share of women in the Committee of Representatives has increased from just under 5% to 16% at the end of 2021.

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

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

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

Sparekassen has set the following concrete objectives:

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



Implementation of the policy and targets achieved in 2021

Sparekassen's targets and policy for increasing the share of the underrepresented gender have been followed and observed throughout 2021. The results are presented in this report and in the overview of the Board of Directors and other management levels at the end of the Annual Report.

Board of Directors

In 2021, the election period of two incumbent male members and one female member of the Board of Directors expired. Both male members were renominated and elected, whereas the female member did not offer herself for re-election and was replaced by a male member.

The Board of Directors is now composed of eight male members and one female member.

Other management levels

The gender composition of other management levels is based on the policy prepared for this area. According to this policy, leaders are employed or appointed based on the premise that the best suited candidate is picked, regardless of gender.

Status at 31 December 2021:

Area managers: 20/80%
 Branch managers: 32/68%
 Staff managers: 50/50%.

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 has progressed as planned, and results really materialised in the bottom line in 2021 – a fact that has led to se-

veral 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 December 2021 the price of a Sparekassen share was DKK 165.0, thus yielding 83% since financial year-end 2020.

During this period, Sparekassen's market value has gone from around DKK 1.6bn to around DKK 2.9bn. 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.

Investor Relations

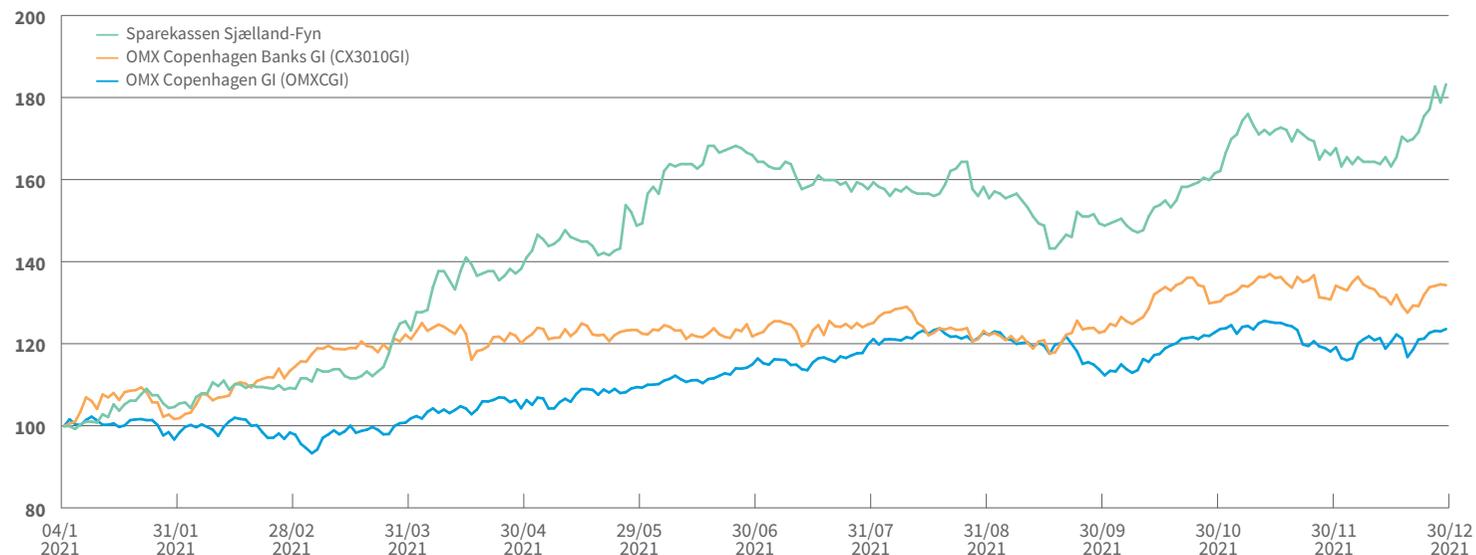
Sparekassen constantly strives to develop and maintain favourable relations with its stakeholders as these relations are considered to have a significant and positive impact on its development. On this basis, Sparekassen has drawn up an Investor Relations policy.

Share information

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

Share price development 2021 index

30.12.2020 = Index 100



The Investor Relations policy and related procedures are to ensure that investors, analysts, authorities and other stakeholders are provided with the information that is of importance to them, and that such information is published in accordance with current rules and agreements.

Communication with investors and share analysts is handled by Sparekassen's Executive Board.

The dialogue comprises a wide range of activities and takes place having regard to Nasdaq Copenhagen A/S' rules and applicable law. Immediately after its publication, all investor information is distributed to shareholders who have requested such information. The information is also available at www.spks.dk/ir.

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

Shareholder structure at 31 December 2021

At 31 December 2021, Sparekassen had approx 25,000 shareholders.

About 93% of the share capital is held by Danish investors whereas about 7% are foreign investors.

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

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

Treasury shares

At 31 December 2021, Sparekassen's portfolio of treasury shares amounted to 164,796 shares of a nominal value of DKK 10 each, equal to 0.95% of the share capital.

Dividend policy

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

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

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

Financial calendar 2022

Time	Event
Thursday, 10 February	Publication of Annual Report 2021
Thursday, 10 March	Annual General Meeting
Thursday, 5 May	Interim Announcement for Q1 2022
Thursday, 11 August	Publication of H1 2022 Interim Report
Thursday, 3 November	Interim Announcement for Q3 2022.

Statutory report on corporate social responsibility and sustainability- CSR and ESG

At Sparekassen, corporate social responsibility and sustainability go hand in hand. This means, for example, that we want to act out a healthy corporate culture, contribute to the UN Sustainable Development Goals, and to comply with the legal requirements imposed on us as a financial institution, including those in the areas of CSR and ESG.

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

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

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

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

Referring to current rules, Sparekassen has opted not to draw up a policy on the environmental and climatic impacts area. We have opted not to do this because of Sparekassen's business as a financial institution and our related operating activities which do not involve production or processing of chemicals or similar things.

However, we are indeed aware that we need to impact the environment as little as possible – both directly and indirectly. That is why we intend in 2022 to develop a policy on environmental and climatic impacts. Until then, the decision not to have an actual policy for this area does not mean that we do not make an effort to protect the environment. An effort that we have intensified our focus on in 2021 by drawing up a CO2 report on Sparekassen's own CO2 emission (scope 1 and scope 2 emissions under the GHG Protocol).

In 2022, we will also continue our work to protect and respect the rights and freedoms outlined in the UN Human Rights Declaration, ensure good social and labour conditions, and prevent corruption and bribery. For example, we want to work on promoting diversity further at Sparekassen and on continuing to protect our employees from, for instance, discrimination and harassment, and on securing their opportunity to safely report any violations etc. Furthermore, we are convinced that our activities – and par-



ticularly those in the investment area – can have an impact on conditions that concern human rights, for which reason we will also continue to consider this in our policy on the integration of sustainability risks.

Focus on sustainability

We generally seek to demonstrate social responsibility throughout the savings bank and to support sustainable development. For example, we have focus on four overall priority areas: Society and local commitment, customers and products, employees, and the environment. Additionally, sustainability is also a parameter in Sparekassen's internal ethical compass that is to ensure a healthy corporate culture in which we demonstrate responsibility in all aspects - also in sustainability.

Each year, we also define a number of targets to ensure constant focus on environmental, social and management matters that contribute to increasing corporate social responsibility and sustainability. These targets are described in our CSR report and include an aspiration of lowering our energy consumption and of making it easier for our customers to make choices that contribute to the green transition.

This is evident, for example, in investment areas where we work towards giving our customers the opportunity to invest responsibly. This means that we demand responsibility from our business partners in the investment area and that they must integrate environmental, social and governance aspects (ESG) in their investment analyses and decision processes – like we do at Sparekassen.

In line with this, we have in 2021 – as part of the so-called Sustainable Disclosure Regulation – implemented a sustainable investments policy (integration of sustainability risks), and Sparekassen has acceded to the UN Principles for Responsible Investments (UN PRI).

With respect to ESG, the Environment has had the largest focus in 2021, and this will continue in 2022. This is reflected, for example, in that we intend to work methodically on reducing CO2 emissions from our branches etc in 2022 based on our carbon accounting. Another step is that we have drawn up an action plan for reducing the carbon footprint of our investment products.

Our entire CSR report for the Sparekassen Sjælland-Fyn Group is available on our website as is our action plan for reducing the carbon footprint of our investment products.

For more information, click here: www.spks.dk/csr og www.spks.dk/esg

Taxonomy Regulation

Sparekassen is required to provide some additional disclosures for 2021 under the

Taxonomy Regulation. This Regulation defines which economic activities may be classified as environmentally sustainable, and defines six sustainable climatic and environmental objectives, which are:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems.

Currently, technical screening criteria have been developed for the first two climatic objectives which take effect from 1 January 2022 (the delegated act for the two first climatic and environmental objectives). The technical screening criteria for the four remaining climatic and environmental objectives have not yet been drawn up, but they are expected to come into force in 2023.

It is evident from Article 8 of the Delegated Regulation that the financial undertakings covered, including large credit institutions, must report on specific sustainability-related key performance indicators (KPIs) that have been adapted to the business models of the different types of undertakings. The Annual Report for 2021 must state how large a portion of Sparekassen's aggregate activities is subject to and not subject to the delegated act for the two first climatic and environmental objectives.

The table below discloses the KPIs for the Group:

Qualitative disclosures

Under the Taxonomy Regulation, Sparekassen provides disclosures on car loans to private customers and loans to private customers that are secured on property. We do not consider the Group's loans to corporate customers to fall within the Taxonomy Regulation since Sparekassen does provide lending to large, listed enterprises in the industries subject to the Taxonomy Regulation.

DKK'm	Proportion in DKK'm		Proportion as a percentage of total assets	
	Eligible	Non-eligible	Eligible	Non-eligible
Total assets	4,925	23,076	18%	82%
Central governments etc and derivatives		4,025		14%
Non-NFRD entities		6,217		22%
Trading book and on-demand inter-bank loans		7,628		27%

Financial review of the Parent

Financial year 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 of the Group for supplementary information. Most of the Group's property portfolio is held by the subsidiary, Ejendomselskabet Sjælland-Fyn A/S.

Pre-tax profit has increased by 121% on the same period last year and totals DKK 528.8m. This performance has been prompted by increasing net interest income, continuously increasing fee and commission income, declining staff costs and administrative expenses and amortisation, depreciation and impairment losses on assets, positive translation and market value adjustments, and a low level of impairment charges.

Net profit stands at DKK 443.5m, equivalent to an annual return on opening equity of 13.1%.

The financial performance is considered most satisfactory.

Income statement

Net interest income

Net interest income has increased by 4% and amounts to DKK 554.6m against DKK 531.6m last year.

Total interest income has seen a decrease of DKK 4.4m and amounts to DKK 540.2m. Interest income from loans and advances is running counter to recent years' tendency of decline and stands at an almost unchanged DKK 481.1m compared to DKK 482.7m last year. This development primarily represents a controlled and moderate increase in average lending for the year compared to last year and a moderate decline in the average lending rate. Interest income from bonds has declined by DKK 4.6m, which has primarily been caused by a lower average flat yield on Sparekassen's bond portfolio. The massive 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 2.7m. Other interest income, including foreign exchange contracts, has seen a small decline.

Negative interest income amounts to DKK 25.9m against DKK 23.5m at the end of 2020. The increase in negative interest income is attributable to the bond portfolio where Sparekassen has had placements in bonds carrying a negative interest rate, including treasury bills.

Total interest expenses have gone up by DKK 3.9m to DKK 51.5m, which is primarily attributable to an increase in interest expenses for bonds issued (senior non-preferred bonds) of DKK 6.4m. These new bond issues are a result of the tightened capital adequacy requirements on eligible liabilities (the requirement for eligible lia-

bilities). Moreover, interest expenses for deposits have gone up by DKK 1.0m. A decrease in interest expenses for subordinated loan capital of DKK 4.3m contributes in the opposite direction.

Because of the continuously low interest rate levels - with Denmark's Nationalbank last lowering the interest rate for financial institutions' current account deposits by a negative 0.10 percentage points to a negative 0.60 percentage points effective from 1 October 2021 - Sparekassen has in recent years 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 33.6m on 2020. At 31 December 2021, positive interest income stands at DKK 91.8m.

Dividend

Sparekassen has received DKK 18.5m in dividends against DKK 29.0m at year-end 2020. 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 55.9m, or 10%, totalling DKK 636.5m against DKK 580.7m at 31 December 2020.

Even though 2021 was marked by continuing lifting and reintroduction of various COVID-19 restrictions, Sparekassen has experienced massive business activity, especially from existing customers, but also from new ones, resulting in increases in earnings and business volume in the corporate customer segment as well as the private customer segment. Customers in the corporate segment in particular appreciate Sparekassen's local presence, short chain of command, and our power and capabilities to handle both large and more complex accounts. 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 H2 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 2021 when mortgage loans arranged total DKK 47.6bn, corresponding to an 8% increase over the last 12 months. Developments are the primary reason for guarantee commissions having increased by DKK 18.8m 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 an increase in commission income.

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 just under 3% to stand at DKK 750.6m.

Staff costs and administrative expenses have gone down by DKK 2.9m and amount to DKK 705.0m. Overall, staff costs inclusive of remuneration for the Executive Board and the Board of Directors have gone up by a total of DKK 3.6m, or by just under 1%. This development reflects a slight decline in headcount, pay and pension adjustments arising from collective agreements, and a continued increase in payroll tax.

Other administrative expenses have gone down by DKK 6.5m to DKK 249.3m. 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' major increases in IT costs for Sparekassen's data centre, Bank-data, have stagnated, and 2021 has seen a slight decline in Sparekassen's total IT costs.

Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment total DKK 45.6m, which is a decrease of DKK 22.2m compared to last year. The decrease generally relates to almost all asset types, including a decline in rental commitments, see IFRS 16, because of adjustments of the branch structure.

Core earnings

Core earnings – calculated as earnings before translation and market value adjustments, impairment losses on loans and advances, and profit/loss on investments – can be calculated at DKK 436.4m, which is an increase of DKK 94.0m, or 27%.

Translation and market value adjustments

Translation and market value adjustments amount to DKK 35.5m against DKK 25.2m in 2020. Market value adjustments of bonds stand at a negative DKK 34.2m against a negative DKK 32.0m at 31 December 2020. 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 2020, and throughout 2021 in particular, Sparekassen has generally adopted a relatively conservative approach to placing surplus liquidity in that this has primarily been placed in short-term floating bonds yielding a negative return, which is reflected in the negative market value adjustments. Market value adjustments of shares stand at DKK 56.0m against DKK 46.1m in 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.

Value adjustments of investment property, foreign currencies and other financial instruments total DKK 13.6m against DKK 11.1m last year.

Impairment losses

Impairment losses on loans and advances etc represent an income of DKK 16.0m, which is

an improvement of DKK 179.0m compared to 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 stands at DKK 40.9m compared to DKK 34.5m at the end of 2020. The primary reason for the increase 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 and Investeringsselskabet Sjælland-Fyn A/S contributes in the opposite direction.

Profit for the year

Pre-tax profit amounts to DKK 528.8m against DKK 239.0m last year, and net profit is DKK 443.5m against DKK 228.7m in 2020.



Annual Report

Group and Parent

Statement by Management on the Annual Report

We have today considered and approved the Annual Report of Sparekassen Sjælland-Fyn A/S for the financial year 1 January to 31 December 2021.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and the parent financial statements have been prepared in accordance with the Danish Financial Business Act. The man-

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and Sparekassen's financial position at 31 December 2021

as well as of their financial performance and the consolidated cash flows for the financial year 1 January to 31 December 2021.

In our opinion, the management commentary contains a fair review of the development in the Group's and Sparekassen's activities and finances, performance for the year and the Group's and Sparekassen's financial position as a whole as well as a description of the principal risks and uncertainties that they face.

In our opinion, the consolidated financial statements and the parent financial statements for the financial year 1 January to 31 December 2021 have been prepared, in all material respects, in compliance with the ESEF Regulation.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Holbæk, 10. February 2022

Executive Board

Lars Petersson
Chief Executive Officer

Bruno Riis-Nielsen
Executive Officer of
the Savings Bank

Lars Bolding
Executive Officer of
the Savings Bank

Jan Mark Kolbye Jensen
Executive Officer of
the Savings Bank

Board of Directors

Thomas Kullegaard
Chairman

Jakob Nørreklær Andersson
Vice-Chairman

Otto Frederik Spliid

Torben Dalby Larsen

Bent Andersen

Erik Larsen

Per Olsen

Helle Lindhof Bjørnøe

Mads Wallin

Internal auditor's report

To the shareholders of Sparekassen Sjælland-Fyn A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Sparekassen Sjælland-Fyn A/S for the financial year 1 January to 31 December 2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as Sparekassen and the consolidated statement of comprehensive income and the consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2021 and of the results of its operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

In our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2021 and of the results of its operations for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Statements Act.

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

Basis for opinion

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

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

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

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

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act, and for the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Holbæk, 10 February 2022

Thomas Sandal
Chief Internal Auditor

Independent auditor's report

To the shareholders of Sparekassen Sjælland-Fyn A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Sparekassen Sjælland-Fyn A/S for the financial year 1 January to 31 December 2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as Sparekassen and the consolidated statement of comprehensive income and the consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31 December 2021 and of the results of its operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

In our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31 December 2021 and of the results of its operations for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Statements Act.

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

Basis for opinion

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

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

We were appointed auditors of Sparekassen Sjælland-Fyn A/S for the first time on 13 March 2014 for the financial year 2014. We have been reappointed annually by decision of the general meeting for a total contiguous engagement period of 8 years up to and including the financial year 2021.

Impairment losses on loans and advances and provisions for losses on guarantees etc

Loans and advances of the Group and Sparekassen amount to DKK 12,067m and DKK 11,957m, respectively, and impairment losses on loans and advances amount to DKK 549m for the Group and DKK 534m for Sparekassen at 31 December 2021.

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

The principles for determining the impairment losses are described in the "Summary of significant accounting policies" section, and Management has further described the management of credit risks and the review for impairment in note 42 to the consolidated financial statements.

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

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

How the matter was addressed in our audit

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

Our audit procedures also comprised:

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

Independent auditor's report - Continued

Til kapitalejerne i Sparekassen Sjælland-Fyn A/S

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 2021. These matters were addressed in the context of our audit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

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

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act, and for the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Sparekassen's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Sparekassen's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Sparekassen to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

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

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

Report on compliance with the ESEF Regulation

As part of our audit of the consolidated financial statements and the parent financial statements of Sparekassen Sjælland-Fyn A/S, we performed procedures to express an opinion on whether the annual report for the financial year 1 January to 31 December 2021, with the file name 5493008A5K8YDQMOM79-2021-12-31-da.zip, is prepared, in all material respects, in compliance with Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation), which includes requirements related to the preparation of an annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and

the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;

- Ensuring consistency between iXBRL-tagged data and the consolidated financial statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained and to issue a report that includes our opinion. The nature, extent and timing of procedures selected depend on the auditor's professional judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the Company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the consolidated financial statements;
- Evaluating the appropriateness of the Company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements to the taxonomy where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the anchoring of extensions to elements in the ESEF taxonomy; and
- Reconciling the iXBRL-tagged data with the audited consolidated financial statements.

In our opinion, the annual report of Sparekassen Sjælland-Fyn A/S for the financial year 1 January to 31 December 2021, with the file name 5493008A5K8YD-QXMOM79-2021-12-31-da.zip, is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen 10 February 2022

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No: 33 96 35 56

Henrik Jacob Vilmann Wellejus
State-Authorised Public Accountant
MNE-nr. 24807

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

Income statement

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
4	Interest income calculated using the effective interest method	508,675	509,135	482,388	484,436
4	Other interest income	57,834	60,136	57,834	60,136
4a	Negative interest income	25,918	23,518	25,918	23,518
5	Interest expenses	49,908	46,416	51,517	47,657
5a	Positive interest expenses	90,902	57,556	91,841	58,212
	Net interest income	581,585	556,893	554,628	531,609
	Dividends on shares etc	18,493	28,994	18,493	28,994
6	Fees and commission income	634,605	579,494	636,546	580,662
	Fees and commission expenses	17,155	16,115	16,919	15,894
	Net interest and fee income	1,217,528	1,149,266	1,192,748	1,125,371
7	Market value adjustments	29,578	16,198	35,498	25,172
	Other operating income	15,640	20,712	4,988	7,399
8	Staff costs and administrative expenses	723,059	729,050	705,020	707,870
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	35,758	66,012	45,591	67,813
10	Other operating expenses	19,686	23,314	10,764	14,721
11	Impairment losses on loans and advances etc	-24,770	160,927	-16,035	163,011
17	"Profit/loss on investments in associates and group enterprises"	22,008	35,007	40,904	34,482
	Profit before tax	531,021	241,880	528,798	239,009
12	Income tax	87,492	13,225	85,269	10,354
	Profit for the year	443,529	228,655	443,529	228,655
	Proposal for distribution of profit				
	Interest on hybrid core capital			24,502	24,446
	Dividend for the financial year			104,250	0
	Retained earnings			314,777	204,209
	Total amount distributed			443,529	228,655
	Earnings per share				
33	Earnings per share (DKK)	24.3	11.8	24.3	11.8
33	Diluted earnings per share (DKK)	24.3	11.8	24.3	11.8

Statement of comprehensive income

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
	Profit for the year	443,529	228,655	443,529	228,655
	Other comprehensive income that may not be reclassified to profit or loss				
	Fair value adjustment of properties	0	-1,479	0	-1,479
	Tax related to fair value adjustment of properties	4	4	4	4
	Other comprehensive income that may be reclassified to profit or loss				
	Value adjustment of certain strategic shares	-1,262	0	-1,262	0
	Fair value adjustment of financial instruments entered into to hedge future cash flows ¹				
	- Value adjustment for the year	400	-9	400	-9
	- Tax on other comprehensive income	190	2	190	2
	Total other comprehensive income	-668	-1,482	-668	-1,482
	Total comprehensive income	442,861	227,173	442,861	227,173

¹ The fair value adjustment concerns a jointly controlled enterprise.

Balance sheet at 31 December

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
Assets					
	Cash and balances on demand at central banks	4,014,591	480,569	4,014,591	480,569
13	Amounts owed by credit institutions and central banks	186,272	4,813,419	178,888	4,802,377
14	Loans and other amounts owed at amortised cost	12,067,386	11,951,447	11,957,157	12,070,441
15	Bonds at fair value	7,316,343	5,849,380	7,316,343	5,849,380
16	Bonds at amortised cost	0	300,270	0	300,270
17	Shares etc	723,125	566,946	720,095	566,946
18	Investments in associates	223,679	191,193	180,367	151,828
18	Investments in group enterprises	0	0	584,092	364,016
19	Assets in pooled plans	2,405,310	2,081,881	2,405,310	2,081,881
20	Intangible assets	91,178	91,251	91,178	91,251
21	Total land and buildings	491,067	437,976	186,085	153,649
	Investment property	121,503	122,048	1,820	3,070
	Owner-occupied property	369,564	315,928	184,265	150,579
22	Other property, plant and equipment	24,691	26,444	24,691	26,444
	Current tax assets	15,069	13,850	18,252	15,913
24	Deferred tax assets	116,198	162,982	106,232	154,016
26	Other assets	278,439	243,193	243,700	204,150
	Prepayments	47,405	55,343	49,177	56,426
	Total assets	28,000,753	27,266,144	28,076,158	27,369,557

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
Equity and liabilities					
Liabilities other than provisions					
26	Amounts owed to credit institutions and central banks	577,773	558,383	576,884	557,320
27	Deposits and other debt	19,765,959	20,000,941	19,790,329	20,079,315
19	Deposits in pooled plans	2,405,310	2,081,881	2,405,310	2,081,881
28	Bonds issued at amortised cost	377,810	198,656	377,810	198,656
29	Other liabilities	269,660	321,028	348,744	370,230
	Deferred income	40,109	36,081	12,949	12,981
	Total liabilities other than provisions	23,436,621	23,196,970	23,512,026	23,300,383
Provisions					
	Provisions for losses on guarantees etc	77,290	88,769	77,290	88,769
	Other provisions	21,254	28,665	21,254	28,665
30	Total provisions	98,544	117,434	98,544	117,434
31	Subordinated loan capital	670,072	569,669	670,072	569,669
Equity					
32	Share capital	173,750	173,750	173,750	173,750
	Revaluation reserves	1,415	1,411	1,415	1,411
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378	561,378
	Retained earnings	2,673,085	2,259,670	2,673,085	2,259,670
	Total equity exclusive of hybrid core capital	3,409,628	2,996,209	3,409,628	2,996,209
	Hybrid core capital	385,888	385,862	385,888	385,862
	Total equity	3,795,516	3,382,071	3,795,516	3,382,071
	Total equity and liabilities	28,000,753	27,266,144	28,076,158	27,369,557
34	Contingent liabilities				

Statement of changes in equity

Note	Amounts in DKK'000	Group							Total equity	
		Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Proposed dividend	Retained earnings	Total equity exclusive of hybrid core capital		Hybrid core capital
	Equity at 1.1.2021	173,750	1,411	561,378	-247	0	2,259,917	2,996,209	385,862	3,382,071
	Profit for the year	0	0	0	0	104,250	314,777	419,027	24,502	443,529
	Other comprehensive income									
	Fair value adjustment of properties	0	0	0	0	0	-1,262	-1,262	0	-1,262
	Value adjustment for the year	0	0	0	400	0	0	400	0	400
	Tax on other comprehensive income	0	4	0	-88	0	278	194	0	194
	Total other comprehensive income	0	4	0	312	0	-984	-668	0	-668
	Comprehensive income for the financial year	0	4	0	312	104,250	313,793	418,359	24,502	442,861
	Purchase of treasury shares	0	0	0	0	0	-10,937	-10,937	0	-10,937
	Sale of treasury shares	0	0	0	0	0	5,997	5,997	0	5,997
	Dividends paid	0	0	0	0	0	0	0	0	0
	Interest paid on hybrid core capital	0	0	0	0	0	0	0	-24,476	-24,476
	Equity at 31.12.2021	173,750	1,415	561,378	65	104,250	2,568,770	3,409,628	385,888	3,795,516

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

Statement of changes in equity

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

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

Statement of changes in equity

Note	Amounts in DKK'000	Sparekassen (Parent)							Total equity	
		Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument ¹	Proposed dividend	Retained earnings	Total equity exclusive of hybrid core capital		Hybrid core capital
	Equity at 1.1.2021	173,750	1,411	561,378	-247	0	2,259,917	2,996,209	385,862	3,382,071
	Profit for the year	0	0	0	0	104,250	314,777	419,027	24,502	443,529
	Other comprehensive income									
	Fair value adjustment of properties	0	0	0	0	0	-1,262	-1,262	0	-1,262
	Value adjustment for the year	0	0	0	400	0	0	400	0	400
	Tax on other comprehensive income	0	4	0	-88	0	278	194	0	194
	Total other comprehensive income	0	4	0	312	0	-984	-668	0	-668
	Comprehensive income for the financial year	0	4	0	312	104,250	313,793	418,359	24,502	442,861
	Purchase of treasury shares	0	0	0	0	0	-10,937	-10,937	0	-10,937
	Sale of treasury shares	0	0	0	0	0	5,997	5,997	0	5,997
	Dividends paid	0	0	0	0	0	0	0	0	0
	Interest paid on hybrid core capital	0	0	0	0	0	0	0	-24,476	-24,476
	Equity at 31.12.2021	173,750	1,415	561,378	65	104,250	2,568,770	3,409,628	385,888	3,795,516

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

Statement of changes in equity

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

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

Cash flow statement

Note	Amounts in DKK'000	Group	
		2021	2020
	Comprehensive income for the year	443,529	228,655
	Adjustment for amounts without cash flow effect		
	Market value adjustment, shares	-56,042	-46,087
	Market value adjustment, bonds	33,965	31,434
	Impairment losses on loans and advances etc	-24,770	160,927
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	31,552	35,082
	Prepayments (net)	-456	2,141
	Provisions	-18,890	41,223
	Value adjustment of property	5,978	20,863
	Deferred income tax	87,492	13,225
	Adjustment for amounts with cash flow effect		
	Income tax paid	-41,694	-29,963
	Cash flows from ordinary operating activities	460,664	457,500
	Working capital changes		
	Credit institutions	19,390	32,947
	Loans and advances adjusted for impairment losses etc for the year	-90,714	102,722
	Other assets and liabilities (net)	-94,235	-31,060
	Shares etc	-101,399	172,860
	Bonds at fair value	-1,500,928	710,666
	Bonds at amortised cost	300,270	-300,270
	Deposits and other debt	-234,983	1,301,358
	Total working capital changes	-1,702,599	1,989,223
	Cash flows from operating activities	-1,241,935	2,446,723

Note	Amounts in DKK'000	Group	
		2021	2020
	Investing activities		
	Additions, investments in associate	-12,978	-114,117
	Purchase of intangible assets	-5,259	-11,981
	Purchase of property, plant and equipment	-145,878	-93,700
	Sale of property, plant and equipment	62,341	72,516
	Cash flows from investing activities	-101,774	-147,282
	Financing activities		
	Bonds issued	180,000	200,000
	Subordinated loan capital	100,000	-105,000
	Treasury shares etc	-4,940	-5,992
	Interest paid on hybrid core capital	-24,476	-24,476
	Dividends paid	0	-51,987
	Cash flows from financing activities	250,584	12,545
	Increase/decrease in cash	-1,093,125	2,311,986
	Cash and cash equivalents at beginning of year	5,293,988	2,982,002
	Cash and cash equivalents at end of year	4,200,863	5,293,988
	Cash and cash equivalents		
	Cash and balances on demand at central banks	4,014,591	480,569
	Amounts owed by credit institutions and central banks	186,272	4,813,419
	Cash and cash equivalents at end of year	4,200,863	5,293,988

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Note	Amounts in DKK'm	Group				
		2021	2020	2019	2018	2017
1	Five-year financial highlights					
	Principal items of income statement					
	Net interest income	582	557	565	541	542
	Net interest and fee income	1,218	1,149	1,113	1,005	999
	Market value adjustments	30	16	-44	21	43
	Staff costs and administrative expenses	723	729	726	746	691
	Amortisation, depreciation and impairment losses on assets	36	66	85	49	59
	Impairment losses on loans and advances etc	-25	161	17	4	33
	Profit/loss on investments in associates and group enterprises	22	35	2	8	3
	Income tax	87	13	25	22	16
	Profit for the year	444	229	227	208	257
	Principal items of balance sheet					
	Loans and advances	12,067	11,951	12,217	12,174	11,681
	Securities portfolio	8,039	6,717	7,285	7,422	5,593
	Deposits including pooled deposits	22,171	22,083	20,470	19,536	17,495
	Equity	3,796	3,382	3,237	3,083	2,812
	Total assets	28,001	27,266	25,359	23,857	21,487
	Subordinated loan capital	670	570	673	454	403

Note		Group				
		2021	2020	2019	2018	2017
1	Financial ratios					
	Capital ratio	23.3	21.8	20.1	17.7	16.3
	Core capital ratio	19.7	18.4	16.2	15.1	14.0
	Return on equity before tax ³	14.8	7.3	8.0	8.0	10.1
	Return on equity after tax ³	12.4	6.9	7.2	7.2	9.5
	Income/cost ratio DKK	1.70	1.25	1.30	1.28	1.34
	Interest rate risk relative to core capital net of deductions	0.2	0.1	0.2	-1.0	1.1
	Currency position relative to core capital net of deductions	0.7	1.3	0.6	0.7	0.7
	Currency risk relative to core capital net of deductions	0.0	0.0	0.0	0.0	0.0
	Loans and advances plus loan impairment losses relative to deposits	56.9	57.0	62.9	67.5	72.2
	Loans and advances relative to equity	3.2	3.5	3.8	3.9	4.2
	Growth in loans and advances for the year ³	1.0	-2.2	0.4	5.5	11.5
	Excess cover relative to statutory liquidity requirements	501	416	335	278	263
	Total large exposures relative to capital resources ³	68.6	67.7	76.5	96.1	125.4
	Impairment ratio for the year	-0.1	0.7	0.1	0.0	0.2
	Accumulated impairment ratio	3.1	3.6	3.7	5.8	5.6
	Return on invested capital ³	1.6	0.9	0.9	0.9	1.2
	Earnings per share (DKK) ²	24.3	11.8	11.7	9.3	15.3
	Book value per share (DKK) ¹	198.1	173.8	164.7	155.3	170.9
	Dividend per share (DKK)	6.0	0.0	3.0	2.5	0.0
	Price/earnings per share ²	6.8	7.6	7.7	8.7	7.4
	Price/equity per share ¹	0.8	0.5	0.5	0.5	0.7

Financial and operating data and key ratios have been prepared in accordance with the requirements of the Executive Order on Financial Reports. Financial ratios for 2020 and comparative figures for 2020-2017 are presented in accordance with international Financial Reporting Standards (IFRS).

1. Calculated based on the number of shares outstanding at the end of the year.
2. Calculated based on the average number of shares during the year.
3. In 2018, the ratio has been calculated based on the opening balance sheet following the implementation of IFRS 9.
4. New benchmark in affect from 2018. The benchmark has not been calculated for 2016

Notes

Sparekassen (Parent)

Note	Amounts in DKK'm	2021	2020	2019	2018	2017
1	Five-year financial highlights					
	Principal items of income statement					
	Net interest income	555	532	540	517	516
	Net interest and fee income	1,193	1,125	1,089	981	973
	Market value adjustments	35	25	-28	27	57
	Staff costs and administrative expenses	705	708	708	745	693
	Amortisation, depreciation and impairment losses on assets	46	68	98	43	40
	Impairment losses on loans and advances etc	-16	163	28	5	32
	Profit/loss on investments in associates and group enterprises	41	34	20	18	-2
	Income tax	85	10	18	18	14
	Profit for the year	444	229	227	208	257
	Principal items of balance sheet					
	Loans and advances	11,957	12,070	12,305	12,240	11,671
	Securities portfolio	8,036	6,717	7,285	7,422	5,594
	Deposits including pooled deposits	22,196	22,161	20,533	19,549	17,497
	Equity	3,796	3,382	3,237	3,083	2,812
	Total assets	28,076	27,370	25,435	23,818	21,443
	Subordinated loan capital	670	570	673	454	403

Sparekassen (Parent)

Note	2021	2020	2019	2018	2017	
1	Financial ratios					
	Capital ratio	23.3	21.7	19.9	17.7	16.4
	Core capital ratio	19.7	18.4	16.1	15.2	14.1
	Return on equity before tax ³	14.7	7.2	7.7	7.8	10.0
	Return on equity after tax ³	12.4	6.9	7.2	7.2	9.5
	Income/cost ratio DKK	1.71	1.25	1.29	1.28	1.35
	Interest rate risk relative to core capital net of deductions	0.0	-0.1	0.0	-1.2	0.8
	Currency position relative to core capital net of deductions	0.7	1.3	0.6	0.7	0.7
	Currency risk relative to core capital net of deductions	0.0	0.0	0.0	0.0	0.0
	Loans and advances plus loan impairment losses relative to deposits	56.3	57.2	63.0	67.6	71.9
	Loans and advances relative to equity	3.2	3.6	3.8	4.0	4.2
	Growth in loans and advances for the year ³	-0.9	-1.9	0.5	6.1	11.9
	Excess cover relative to statutory liquidity requirements	501	416	335	278	263
	Total large exposures relative to capital resources ³	68.3	67.4	76.2	95.5	124.3
	Impairment ratio for the year	-0.1	0.7	0.1	0.0	0.2
	Accumulated impairment ratio	3.1	3.5	3.5	5.6	5.4
	Return on invested capital ³	1.6	0.9	0.9	0.9	1.2
	Earnings per share (DKK) ²	24.3	11.8	11.7	9.3	15.3
	Book value per share (DKK) ¹	198.1	173.8	164.7	155.3	170.9
	Dividend per share (DKK)	6.0	0.0	3.0	2.5	0.0
	Price/earnings per share ²	6.8	7.6	7.7	8.7	7.4
	Price/equity per share ¹	0.8	0.5	0.5	0.5	0.7

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

1. Calculated based on the number of shares outstanding at the end of the year.
2. Calculated based on the average number of shares during the year.
3. In 2018, the ratio has been calculated based on the opening balance sheet following the implementation of IFRS 9.
4. New benchmark in affect from 2018. The benchmark has not been calculated for 2016

Notes

2 Summary of significant accounting policies

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

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

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

Accounting policy changes

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

Standards or Interpretations not yet in force

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

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

Reporting under the ESEF Regulation

Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) requires the use of a particular electronic reporting format for annual reports of listed companies. More specifically, the ESEF Regulation requires the annual report to be prepared in XHTML format with iXBRL tagging of the statement of comprehensive income, balance sheet, cash flow statement and statement of changes in equity in the consolidated financial statements.

Sparekassen Sjælland-Fyn A/S' iXBRL tagging has been made using the ESEF taxonomy disclosed in the annexes to the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation. The 2020 version of the ESEF taxonomy has been used in the Annual Report for 2021.

The line items in the consolidated financial statements are XBRL-tagged to the elements of the ESEF taxonomy that are considered to match the content of those line items. For line items not considered to be covered by line items defined in the taxonomy, entity-specific extensions to the taxonomy have been incorporated. Except for subtotals, these extensions are anchored to elements of the ESEF taxonomy.

Consistently with the requirements of the ESEF Regulation, the Annual Report approved by Management is comprised of a ZIP file, 5493008A5K8YDQXM0M79-2021-12-31-da.zip, which includes an XHTML file that may be opened using standard web browsers, and

a number technical XBRL files enabling mechanical retrieval of the XBRL data incorporated.

Consolidated financial statements

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

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

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

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

Business combinations

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

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

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

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

Recognition and measurement

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

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

Notes

2 Summary of significant accounting policies (continued)

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

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

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

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

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

Foreign currency translation

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

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

Interest, fees and commission

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

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

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

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

Staff costs and administrative expenses

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

Other operating income

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

Other operating expenses

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

Income tax

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

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

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

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

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

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

Cash and demand deposits with central banks

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

Amounts owed by credit institutions and central banks

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

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

Loans and other amounts owed at amortised cost

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

Classification and measurement

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

Notes

2 Summary of significant accounting policies (continued)

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

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

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

Impairment model for expected credit losses

All financial assets measured at amortised cost are written down for expected credit losses, and similarly

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

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

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

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

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

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

The expected loss is calculated as a function of the probability of Objective Evidence of Impairment (OEI), Exposure At Default (EAD) and Loss Given Default (LGD) which incorporates forward-looking information

representing Management's expectations for future developments.

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

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

Definition of default and credit-impaired

Default

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

The borrower is in arrears with major parts of their obligations for more than 90 days; or

Sparekassen considers it most likely that the exposure will result in a loss and/or forced realisation of collateral for Sparekassen or other creditors.

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

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

Credit-impaired (Stage 3)

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

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

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

When implementing new guidelines in applying the definition of default pursuant to Article 178 of the Capital Requirements Directive (EBA/GL/2016/07),

Notes

2 Summary of significant accounting policies (continued)

which is effective from 1 January 2021, Sparekassen will seek to align the entry criteria for default, Stage 3, and non-performing exposures. Each concept is subject to a different quarantine period, for which reason the exit criteria will vary.

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

The portfolio model calculation determines the expected loss as a function of the probability of Objective Evidence of Impairment (OEI), Exposure At Default (EAD) and Loss Given Default (LGD) based on a model that is developed and updated by Sparekassen's data centre, supplemented with a forward-looking macroeconomic module that is developed and updated by the industry association Lokale Pengeinstitutter (LOPI).

The macroeconomic module builds on a series of regression models that determine the historical link between impairment losses for the year in a number of sectors and industries and a number of explanatory macroeconomic variables. Then the regression models are provided with estimates of the macroeconomic variables based on prognoses from consistent sources such as the Danish Economic Councils, Danmarks Nationalbank, etc, where such prognoses generally span two years ahead and cover variables such as increase in public spending, increase in GDP, interest rates, etc. Thereby, expected impairment losses are calculated for up to two years ahead in time within each sector

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

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

Practice for derecognising financial assets from the balance sheet

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

Leasing

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

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

Moreover, Sparekassen has set up the following assumptions:

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

Derivatives and unsettled spot transactions

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

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

Hedge accounting

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

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

Bonds at fair value

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

Bonds at amortised cost

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

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

Shares etc

Shares are measured at fair value. The fair value of shares traded on active markets is calculated on the basis of the closing price at the balance sheet date.

Notes

2 Summary of significant accounting policies (continued)

The fair value of unlisted and illiquid shares is based on available information on transactions etc or, alternatively, value-in-use calculations.

Investments in group enterprises

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

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

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

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

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

Investments in associates and jointly controlled enterprises with a negative equity value are measured at zero value. Receivables and other non-current financial assets that are considered part of the overall

investment in the associate are written down by any remaining negative equity value. Trade receivables and other receivables from associates are written down only if they are deemed irrecoverable.

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

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

Assets in pooled plans

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

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

Intangible assets

Goodwill

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

Customer relationships

Customer relationships acquired in business combinations are recognised at cost and amortised on a straight-line basis over their expected useful economic

life, which does not exceed ten years. The useful economic life relies on customer loyalty. Useful life is reassessed annually.

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

Other intangible assets

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

Impairment test

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

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

Investment property

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

After initial recognition, investment properties are measured at fair value. Changes in fair value of investment properties are recognised in the income statement.

Owner-occupied property

Owner-occupied properties are properties which the institution itself uses for administration, branches or other services. After initial recognition, owner-occupied properties are measured at revalued amount.

Revaluation is made so often that no significant differences occur in relation to the fair value.

The fair value of the property is revalued annually based on value in use calculations for expected future cash flows.

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

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

Other property, plant and equipment

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

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

Temporarily held assets

Temporarily held assets comprise property, plant and equipment acquired in connection with non-performing loans or advances. The assets are measured at the lower of carrying amount and fair value net of costs of sale. The assets are only held temporarily by

Notes

2 Summary of significant accounting policies (continued)

Sparekassen, and sale is considered probable within the foreseeable future. Temporarily held assets are not depreciated. Assets and related liabilities are recognised in separate line items in the balance sheet.

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

Other assets

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

Prepayments

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

Amounts owed to credit institutions and central banks

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

Deposits and other debt

Deposits and other debt comprise deposits with counterparties that are not credit institutions or central banks. On initial recognition, deposits and other debt are measured at fair value net of transaction costs and subsequently at amortised cost.

Bonds issued

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

Other liabilities

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

Deferred income

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

Subordinated loan capital

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

Other financial liabilities

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

Provisions

Liabilities, guarantees and other liabilities, which are uncertain in terms of amount or time of settlement, are

recognised as provisions when it is probable that the liability will lead to an outflow of Sparekassen's financial resources, and the liability can be measured reliably. The liability is stated at present value of the costs that are necessary to meet the obligation.

Equity

Dividend proposed

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

Treasury shares

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

Hybrid core capital

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

Undistributable savings bank reserve

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

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

Pursuant to section 213 of the Danish Financial Business Act, a portion of profits of Sparekassen Sjælland-Fyn A/S must annually be allocated to this savings bank reserve. However, such allocation may not exceed a reference rate set by the Danish FSA. For 2021, this rate was set at 0%.

Cash flow statement

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

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

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

Segment reporting

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

Notes

2 Summary of significant accounting policies (continued)

Financial highlights

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

Financial ratios for the Group for 2021 and comparative figures for 2020-2017 are presented in accordance with International Financial Reporting Standards (IFRS).

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

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

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

3. Significant judgements and estimates, assumptions and uncertainties

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

In preparing the financial statements, Management makes a number of accounting judgments which form the basis of presentation, recognition and measurement of the institution's assets and liabilities. The financial statements have been presented applying the principle of going concern based on current practice and interpretation of the rules governing Danish credit institutions. Key management judgements in recognising and measuring these assets and liabilities, and the key source of estimation uncertainty related to the preparation of the 2021 Annual Report, are:

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

Impairment losses on financial assets carried at amortised cost

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

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

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

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

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

Notes

3. Significant judgements and estimates, assumptions and uncertainties (continued)

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

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

Determining the probability of Objective Evidence of Impairment (OEI) and Loss Given Default (LGD), which are key parameters in the model calculation, is subject to some degree of uncertainty and estimation.

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

However, the outbreak of COVID-19 has caused significant fluctuations in GDP and particularly in public spending, which is still the case. These fluctuations entail that a linear adjustment to the long-term equilibrium over a ten-year period would overestimate a more likely development in the macroeconomic variables. Therefore, the method used to adjust to the long-term equilibrium, similar to how it was handled in the preparation of the 2020 financial statements, has been changed for both GDP and public spending to the effect that both variables hit their long-term equilibrium point already in 2023 and will maintain this level for the next ten years.

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

The factors particularly affecting management judgements in 2021 are COVID-19 (lockdown, aid packages),

developments in the agricultural sector (settlement prices, ASF, export market), rates of return on properties, technically insolvent customers, and the economic situation of the housing market. Among other areas that have been reviewed but that have resulted in only small or no provisions may be mentioned: Brexit, EU Farm Policy Report 2023-2027, and green transition (increased environmental requirements). In recent years, Sparekassen has intensified its focus on green transition and climate risks, not just when establishing customer relationships but also in day-to-day customer handling when collateral and industry-related risks are assessed. This matter has not given rise to further provisions in management add-ons.

In determining management add-ons, Sparekassen will – depending on the focus area – use exposures to relevant industries, customers' rating, product types, housing form, geographical location, the amount of the exposure, and other factors as a basis. The loss risk of the exposures selected is subjected to stress testing, and the outcome thereof is provided for as a management add-on.

Note 11 discloses the allocation of management add-ons by industry and stage.

Investment property and owner-occupied property

Determining the fair value of investment property is subject to significant estimation. Estimation is primarily related to the determination of the required rate of return and future cash flows on the property.

Determining the revalued amount of owner-occupied property is subject to significant estimation. Estimation is primarily related to the determination of the required rate of return on the property. Owner-occupied properties are premises from which active savings bank

activities are carried on as well as related premises in basements and attics for installations etc. In the valuation, different square metre prices have been used in relation to the alternative applications that the individual premises are considered to have.

Fair value of financial instruments

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

For shares in sector-owned companies where such shares are reallocated, such reallocation is considered to be the primary market of the shares. For other unlisted shares in sector-owned companies for which observable input is not readily available, measurement includes information from the companies' financial statements, experience from trading in shares in the relevant companies, and input from a qualified third party.

Goodwill

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

Deferred tax assets

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

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
4 Interest income					
Credit institutions and central banks	695	708	560	560	
Loans and other amounts owed	507,089	506,996	481,125	482,693	
Bonds	28,498	33,124	28,498	33,124	
Total derivatives	29,336	27,012	29,336	27,012	
Thereof: - Interest rate contracts	30,280	27,625	30,280	27,625	
- Foreign exchange contracts	-944	-613	-944	-613	
Other interest income	891	1,431	703	1,183	
Total interest income	566,509	569,271	540,222	544,572	
4a Negative interest income					
Credit institutions and central banks	14,651	14,671	14,651	14,671	
Bonds	11,267	8,847	11,267	8,847	
Total negative interest income	25,918	23,518	25,918	23,518	
5 Interest expenses					
Credit institutions and central banks	616	548	616	543	
Deposits and other debt	12,960	11,923	12,960	11,923	
Bonds issued	6,742	305	6,742	305	
Subordinated loan capital	28,073	32,393	28,073	32,393	
Other interest expenses	1,517	1,247	3,126	2,493	
Total interest expenses	49,908	46,416	51,517	47,657	

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
5a Positive interest expenses					
Credit institutions and central banks	0	36	0	36	
Deposits and other debt	90,902	57,520	91,841	58,176	
Total positive interest expenses	90,902	57,556	91,841	58,212	
6 Fees and commission income					
Securities trading and custody accounts	78,702	79,506	78,702	79,506	
Payment services	66,687	55,846	66,687	55,846	
Loan fees	60,634	62,238	60,634	62,238	
Guarantee commission	220,019	201,220	220,019	201,221	
Custody services	76,749	62,318	76,749	62,318	
Other fees and commissions	131,814	118,366	133,756	119,535	
Total fees and commission income	634,605	579,494	636,546	580,662	
7 Market value adjustments					
Bonds	-33,965	-31,434	-34,191	-32,014	
Shares	56,042	46,087	56,042	46,087	
Investment property	-5,978	-10,274	169	-720	
Foreign exchange	13,626	13,521	13,626	13,521	
Currency, interest rate, share, commodity and other contracts and derivatives	-147	-1,702	-147	-1,702	
Assets in pooled plans	295,515	61,891	295,515	61,891	
Deposits in pooled plans	-295,515	-61,891	-295,515	-61,891	
Total market value adjustments	29,578	16,198	35,498	25,172	

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
8	Staff costs and administrative expenses				
	Remuneration of the Board of Directors and Executive Board*				
	Board of Directors	3,589	3,390	3,281	3,130
	Executive Board	13,477	13,369	13,477	13,369
	Total	17,066	16,759	16,758	16,499
	Staff costs				
	Wages and salaries	342,589	339,863	342,589	339,863
	Pension contributions	39,803	39,760	39,803	39,760
	Social security costs	56,607	55,990	56,607	55,990
	Total staff costs	438,999	435,613	438,999	435,613
	Other administrative expenses	266,994	276,678	249,263	255,758
	Total staff costs and administrative expenses	723,059	729,050	705,020	707,870

* Salaries and remuneration to the Board of Directors and the Executive Board are specified in Sparekassen's remuneration report for 2021: www.spks.dk/politikker

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
8	Staff costs and administrative expenses (continued)				
	Other staff impacting on the risk profile				
	Set salary	29,993	28,038	29,993	28,038
	Variable salary	0	0	0	0
	Variable one-off remuneration	25	0	25	0
	Pension contribution	3,550	3,259	3,550	3,259
	Total	33,568	31,297	33,568	31,297
	Staff materially impacting on the risk profile	34	30	34	30
	Other staff impacting on the risk profile by business area				
	Business/credit				
	Set salary	14,084	12,489	14,084	12,489
	Variable salary	0	0	0	0
	Variable one-off remuneration	0	0	0	0
	Pension contribution	1,657	1,404	1,657	1,404
	Total	15,741	13,893	15,741	13,893
	Staff materially impacting on the risk profile	14	12	14	12
	Investment/asset management				
	Set salary	6,569	5,375	6,569	5,375
	Variable salary	0	0	0	0
	Variable one-off remuneration	0	0	0	0
	Pension contribution	776	623	776	623
	Total	7,345	5,998	7,345	5,998
	Staff materially impacting on the risk profile	11	8	11	8

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
8	Staff costs and administrative expenses (continued)				
	Other business areas				
	Set salary	9,340	10,174	9,340	10,174
	Variable salary	0	0	0	0
	Variable one-off remuneration	25	0	25	0
	Pension contribution	1,117	1,232	1,117	1,232
	Total	10,482	11,406	10,482	11,406
	Staff materially impacting on the risk profile	9	10	9	10

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

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

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

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

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

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

Sparekassen has decided to remunerate using fixed pay elements. Consequently, Sparekassen does not have variable pay elements as an arranged element of remuneration of staff, the Executive Board or the Board of Directors. So no deferred variable pay has been provided for 2021. Variable pay means remuneration schemes under which the final remuneration is not known in advance and depends on the performance of the individual, the division or Sparekassen, for example, bonus schemes or similar arrangements.

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

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
8	Staff costs and administrative expenses (continued)				
	An extraordinary remuneration may only be granted if the budget approved by the Board of Directors for the current year shows a profit. Then only one-off payments are made below the clearly trivial threshold laid down in the Danish FSA's Executive Order on Remuneration Policy. Per person, the one-off remuneration must not exceed 20% of fees and the fixed base pay, respectively, including pension contributions. No persons of the Group are paid EUR 1m or more per financial year.				
	The complete remuneration policy is available on www.spks.dk/om/regnskab				
	Appointed auditors' fees				
	Statutory audit services	997	951	867	849
	Assurance engagements	142	70	142	70
	Other services	418	592	411	592
	Total	1,557	1,613	1,420	1,511

Fees for non-audit services provided by Deloitte Statsautoriseret Revisionspartnerselskab to the Group amount to DKK 418k (2020: DKK 592k) and cover advice on the merger of subsidiaries, International Financial Reporting Standards, risk management and increase of capital.

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
9 Staff headcount					
Average headcount for the financial year converted into full-time employees		548	555	548	555
10 Other operating expenses					
Expenses for the resolution plan		2,102	1,947	2,102	1,947
Other operating expenses		17,584	21,367	8,662	12,774
Total other operating expenses		19,686	23,314	10,764	14,721

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
11 Impairment losses and provisions for losses (impairment account)					
Net effect recognised in profit or loss					
Amounts owed by credit institutions and central banks		451	-17	451	-17
Loans and other amounts owed at amortised cost		34,313	157,890	40,957	159,916
Guarantees		-11,479	23,974	-11,479	23,974
Committed facilities and undrawn credit lines		-6,191	18,728	-6,191	18,728
Total net changes in impairment/provisions accounts		17,093	200,575	23,737	202,601
Interest rate adjustment		-16,000	-20,000	-16,000	-20,000
Recorded as loss, not previously written down/provided for		11,349	13,013	9,652	9,989
Recovery of claims previously written off		-37,212	-32,661	-33,424	-29,579
Taken to profit or loss		-24,770	160,927	-16,035	163,011

Notes

Note	Amounts in DKK'000	Group				Sparekassen (Parent)			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
11	Impairment losses and provisions for losses (impairment account) (continued)								
	2021								
	Accumulated impairment losses and provisions by stage								
	Amounts owed by credit institutions and central banks	434	291	0	725	434	291	0	725
	Loans and other amounts owed at amortised cost	105,540	172,947	270,733	549,220	102,569	166,379	265,016	533,964
	Guarantees	18,212	16,447	42,631	77,290	18,212	16,447	42,631	77,290
	Committed facilities and undrawn credit lines	8,554	12,440	0	20,994	8,554	12,440	0	20,994
	Total impairment losses and provisions	132,740	202,125	313,364	648,229	129,769	195,557	307,647	632,973
	2020								
	Accumulated impairment losses and provisions by stage								
	Amounts owed by credit institutions and central banks	1	273	0	274	1	273	0	274
	Loans and other amounts owed at amortised cost	126,231	159,737	345,198	631,166	123,404	147,338	338,028	608,770
	Guarantees	28,822	20,591	39,356	88,769	28,822	20,591	39,356	88,769
	Committed facilities and undrawn credit lines	15,387	11,798	0	27,185	15,387	11,798	0	27,185
	Total impairment losses and provisions	170,441	192,399	384,554	747,394	167,614	180,000	377,384	724,998

Notes

Note	Amounts in DKK'000	Group				Sparekassen (Parent)			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
1.1	Impairment losses and provisions for losses (impairment account) (continued)								
	2021								
	Impairment account for amounts owed by credit institutions and central banks								
	Total impairment losses at beginning of year	1	273	0	274	1	273	0	274
	New impairment losses (net)	433	18	0	451	433	18	0	451
	Recorded as loss, covered by previous write-downs for impairment			0	0			0	0
	Total impairment losses at end of year	434	291	0	725	434	291	0	725
	2020								
	Impairment account for amounts owed by credit institutions and central banks								
	Total impairment losses at beginning of year	1	290	0	291	1	290	0	291
	New impairment losses (net)	0	-17	0	-17	0	-17	0	-17
	Recorded as loss, covered by previous write-downs for impairment			0	0			0	0
	Total impairment losses at end of year	1	273	0	274	1	273	0	274

Notes

Note	Amounts in DKK'000	Group				Sparekassen (Parent)			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
11	Impairment losses and provisions for losses (impairment account) (continued)								
	2021								
	Impairment account for loans and other amounts owed at amortised cost								
	Total impairment losses at beginning of year	126,231	159,737	345,198	631,166	123,404	147,338	338,028	608,770
	New impairment losses (net)	-20,691	13,210	41,794	34,313	-20,835	19,041	42,752	40,957
	Recorded as loss, covered by previous write-downs for impairment			-116,259	-116,259			-115,764	-115,764
	Total impairment losses at end of year	105,540	172,947	270,733	549,220	102,569	166,379	265,016	533,963
	2020								
	Impairment account for loans and other amounts owed at amortised cost								
	Total impairment losses at beginning of year	56,034	109,283	491,878	657,195	53,874	98,027	479,443	631,345
	New impairment losses (net)	70,197	50,454	37,240	157,891	69,530	49,311	41,076	159,916
	Recorded as loss, covered by previous write-downs for impairment			-183,920	-183,920			-182,491	-182,491
	Total impairment losses at end of year	126,231	159,737	345,198	631,166	123,404	147,338	338,028	608,770

Notes

Note	Amounts in DKK'000	Group				Sparekassen (Parent)			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
11	Impairment losses and provisions for losses (impairment account) (continued)								
	2021								
	Provisions account for guarantees								
	Total provisions at beginning of year	28,822	20,591	39,356	88,769	28,822	20,591	39,356	88,769
	New provisions (net)	-10,610	-4,144	3,275	-11,479	-10,610	-4,144	3,275	-11,479
	Finally written off, previously provided for			0	0			0	0
	Total provisions at end of year	18,212	16,447	42,631	77,290	18,212	16,447	42,631	77,290
	2020								
	Provisions account for guarantees								
	Total provisions at beginning of year	11,562	10,017	43,217	64,795	11,562	10,017	43,217	64,795
	New provisions (net)	17,260	10,574	-3,861	23,973	17,260	10,574	-3,861	23,973
	Finally written off, previously provided for			0	0			0	0
	Total provisions at end of year	28,822	20,591	39,356	88,769	28,822	20,591	39,356	88,769

Notes

Note	Amounts in DKK'000	Group				Sparekassen (Parent)			
		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
11	Impairment losses and provisions for losses (impairment account) (continued)								
	2021								
	Provisions account for committed facilities and undrawn credit lines								
	Total provisions at beginning of year	15,387	11,798	0	27,185	15,387	11,798	0	27,185
	New provisions (net)	-6,833	642	0	-6,191	-6,833	642	0	-6,191
	Total provisions at end of year	8,554	12,440	0	20,994	8,554	12,440	0	20,994
	2020								
	Provisions account for committed facilities and undrawn credit lines								
	Total provisions at beginning of year	3,435	5,022	0	8,457	3,435	5,022	0	8,457
	New provisions (net)	11,952	6,776	0	18,728	11,952	6,776	0	18,728
	Total provisions at end of year	15,387	11,798	0	27,185	15,387	11,798	0	27,185

Notes

Note

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

Key factors in the development of the impairment account

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

Loans, advances and guarantees as well as committed facilities and undrawn credit lines by exposure category/stage are evident from note 43.

As a rule, new facilities are placed in Stage 1 unless the customer is in credit quality class 1 (credit-impaired exposures), for which reason the facility is placed in Stage 3. In 2021, Sparekassen had DKK 8,519.8m (gross) (2020: DKK 8,927.2m) worth of new facilities, which affected the impairment account by a total of DKK 59.0m (2020: DKK 77.9m).

Stage 2 facilities in overdraft by more than 30 days amounted to DKK 8.8m at 31 December 2021 (2020: DKK 1.6m), which has affected the impairment account by DKK 0.8m (2020: DKK 0.2m).

Development in calculation factors

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

LGD reflects the percentage loss of the customer's exposures if such customer is in default. The PD value reflects Sparekassen's percentage expectation of the probability of a customer defaulting.

Sparekassen regularly recalculates the PD values included in the calculation of the impairment account. The calculation is based on the track record of Sparekassen's customer portfolio over a five-year time frame. The calculated PD values have generally decreased during the year, which is estimated to have affected the impairment account downwards by approximately DKK -13.9m.

Macroeconomic variables

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

Note

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

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

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

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

Stage 1 and Stage 2 exposures

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

Stage 3 exposures

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

In 2021, Sparekassen has experienced an addition of new impairment losses/provisions of DKK 126.0m (2020: DKK 147.7m) in Stage 3. In the same period, DKK 97.0m (2020: DKK 134.2m) in impairment losses/provisions was reversed.

Finally written off, previously written down/provided for stands at DKK 116.3m (2020: DKK 183.9m) in amount.

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

Notes

Group

Note	2021			2020		
Amounts in DKK'000	Portfolio model calculation	Management judgement of losses	Total	Portfolio model calculation	Management judgement of losses	Total
11 Impairment losses and provisions for losses (impairment account) (continued)						
Sector breakdown, stage 1 and 2 depreciations as well as Management judgement of losses						
Public authorities	1	0	1	1	0	1
Business						
Agriculture, hunting, forestry and fisheries	10,570	74,561	85,131	12,024	36,117	48,140
Industry and extraction of raw materials	4,367	122	4,488	4,300	990	5,290
Energy supply	150	3	153	143	0	143
Building and construction	7,093	5,699	12,791	8,988	1,980	10,968
Trade	10,224	78,789	89,014	13,151	77,675	90,825
Transport, hotels and restaurants	2,514	19,411	21,925	3,114	24,782	27,895
Information and communication	1,169	104	1,273	2,352	732	3,084
Financing and insurance	4,859	1,118	5,977	2,711	2,410	5,120
Real property	8,296	1,303	9,599	9,750	3,546	13,295
Other business	10,553	8,729	19,283	14,708	17,617	32,325
Total business	59,795	189,839	249,634	71,240	165,847	237,088
Private	55,763	29,466	85,229	79,764	45,988	125,752
Total	115,559	219,306	334,865	151,005	211,835	362,841

Notes

Sparekassen (Parent)

Note	2021			2020		
Amounts in DKK'000	Portfolio model calculation	Management judgement of losses	Total	Portfolio model calculation	Management judgement of losses	Total
11 Impairment losses and provisions for losses (impairment account) (continued)						
Sector breakdown, stage 1 and 2 depreciations as well as Management judgement of losses						
Public authorities	1	0	1	1	0	1
Business						
Agriculture, hunting, forestry and fisheries	9,701	74,561	84,262	11,063	36,117	47,179
Industry and extraction of raw materials	4,055	122	4,176	4,009	990	4,999
Energy supply	109	3	112	103	0	103
Building and construction	6,629	5,699	12,327	8,543	1,980	10,523
Trade	9,954	78,789	88,744	12,838	77,675	90,513
Transport, hotels and restaurants	2,214	19,411	21,625	2,783	24,782	27,564
Information and communication	1,076	104	1,180	2,295	732	3,027
Financing and insurance	4,837	1,118	5,955	2,682	2,410	5,092
Real property	8,206	1,303	9,509	9,685	3,546	13,230
Other business	9,881	8,729	18,611	14,018	17,617	31,635
Total business	56,662	189,839	246,501	68,019	165,847	233,866
Private	49,357	29,466	78,823	67,760	45,988	113,748
Total	106,020	219,306	325,326	135,780	211,835	347,615

At 31 December 2021, DKK 219,306k has been incorporated (2020: DKK 211,835k) in addition to the model-generated impairment charges. Management add-ons are broken down by DKK 82,428k on Stage 1 and DKK 136,878k on Stage 2. In 2020, the amounts were DKK 110,894k on Stage 1 and DKK 100,941k on Stage 2.

In 2021, DKK 156,788k has been added concerning COVID-19 (2020: DKK 171,416k). Furthermore, an industry-specific add-on of DKK 38,402k has been made related to pig producers (2020: DKK 10,467k). Sparekassen also makes an add-on to cover model or process weaknesses in its models as well as an add-on based on the assumption that a larger portion of loans and advances – than those dictated by the statistical models – will migrate from Stage 1 to Stage 2 and from Stage 2 to Stage 3. Sparekassen estimates that no further provisions are needed to cover Brexit-related risks and green transition (increased environmental requirements).

Notes

Note

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

Practice for derecognising financial assets from the balance sheet

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

Sparekassen continues its collection efforts after derecognition of the assets from the balance sheet, with initiatives depending on the situation at hand. As a rule, Sparekassen will attempt to make voluntary arrangements with the customer, including renegotiation of terms or reconstruction of an enterprise so that debt collection or petition for bankruptcy will not be applied until other steps have been explored. Sparekassen has regularly derecognised DKK 1.16.3m worth of financial assets in 2021 for which attempts are still made to have them collected. The total worth of financial assets for which attempts are still made to have them collected, is DKK 2,344.8 m in 2021.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
12 Income tax					
Computed tax on income for the year	41,217	16,075	38,033	13,753	
Deferred tax	46,788	775	47,788	1,058	
Readjustment of tax computed for previous years	-513	-3,625	-552	-4,457	
Total income tax	87,492	13,225	85,269	10,354	
Adjustments:					
Income tax rate in Denmark	22.00	22.00	22.00	22.00	
Reguleringer:					
Readjustment of tax computed for previous years	0.05	-1.95	0.10	-1.87	
Non-taxable income and non-deductible expenses etc	-0.69	-0.60	-0.19	-2.37	
Profit/loss on investments in associates and group enterprises	-1.46	-3.23	-3.13	-3.17	
Subsequent use of previously incurred loss	-3.42	-10.75	-3.03	-10.26	
Total	16.48	5.47	16.13	4.33	

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
13	Amounts owed by credit institutions and central banks				
	By time to maturity				
	Demand deposits	186,272	152,720	178,888	141,678
	Up to 3 months	0	4,660,699	0	4,660,699
	From 3 months to 1 year	0	0	0	0
	From 1 year to 5 years	0	0	0	0
	More than 5 years	0	0	0	0
	Total	186,272	4,813,419	178,888	4,802,377
	Claims at notice on central banks	0	4,660,699	0	4,660,699
	Claims on credit institutions	186,272	152,720	178,888	141,678
	Total	186,272	4,813,419	178,888	4,802,377

14 Loans and other amounts owed at amortised cost

	By time to maturity				
	At call	220,566	268,403	219,398	267,124
	Up to 3 months	1,145,770	1,181,852	907,766	985,829
	From 3 months to 1 year	4,998,899	4,784,180	4,304,383	4,175,324
	From 1 year to 5 years	2,505,751	2,395,380	2,503,296	2,615,143
	More than 5 years	3,196,402	3,321,631	4,022,316	4,027,020
	Total	12,067,386	11,951,447	11,957,157	12,070,441

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
14	Loans, advances and guarantee debtors by sector				
	Loans, advances and guarantee debtors by sector				
	Public authorities	0.1	0.1	0.1	0.0
	Business				
	Agriculture, hunting, forestry and fisheries	9.1	8.5	8.0	7.4
	Industry and extraction of raw materials	2.4	2.3	1.9	1.9
	Energy supply	0.2	0.2	0.1	0.1
	Building and construction	5.9	6.0	5.2	5.4
	Trade	5.3	4.8	4.9	4.3
	Transport, hotels and restaurants	1.9	1.8	1.4	1.3
	Information and communication	0.7	0.9	0.6	0.8
	Financing and insurance	5.0	4.7	10.0	9.1
	Real property	9.4	9.3	9.1	10.2
	Other business	6.1	6.3	5.0	5.3
	Total business	46.0	44.8	46.2	45.7
	Private	53.9	55.1	53.7	54.3
	Total	100.0	100.0	100.0	100.0

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

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
15 Bonds at fair value					
Listed		7,316,343	5,849,380	7,316,343	5,849,380
Unlisted		0	0	0	0
Total		7,316,343	5,849,380	7,316,343	5,849,380

The Group has provided bonds at a total bond price of DKK 1,731m (2019: 1,139m) as security for the day-to-day performance of clearing operations and securities trading. Refer to note 35 - Assets provided as collateral.

16 Bonds at amortised cost

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

2020: Fair value of held to maturity portfolio is 25 tdkk higher than carrying amount

17 Shares etc

Shares/unit trust certificates listed on Nasdaq Copenhagen A/S	120,092	40,869	120,092	40,869
Shares/unit trust certificates listed on other stock exchanges	3,381	2,939	3,381	2,939
Other shares	599,652	523,138	596,622	523,138
Total	723,125	566,946	720,095	566,946

Note	Amounts in DKK'000	Sparekassen (Parent)	
		2021	2020
18 Investments in associates and group enterprises			
Investments in group enterprises			
Total cost at beginning of year		765,976	765,976
Additions for the year		200,000	0
Disposals for the year		0	0
Total cost at end of year		965,976	765,976
Revaluations and impairment losses at beginning of year		-401,960	-398,039
Profit/loss for the year		21,896	1,802
Other changes		312	-9
Change in accounting policies applied		0	-811
Disposals for the year		0	0
Dividend		-2,132	-4,903
Revaluations and impairment losses at end of year		-381,884	-401,960
Holding recognised at end of year		584,092	364,016
Thereof, credit institutions		0	0

Notes

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

Group enterprises, 2021

Investeringsselskabet Sjælland-Fyn A/S	362,000	100	443,990	14,281
Leasing Fyn Faaborg A/S	5,000	100	20,638	8,952
Ejendomsselskabet Sjælland-Fyn A/S	20,000	100	119,464	-1,337

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

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

Group enterprises, 2020

Investeringsselskabet Sjælland-Fyn A/S	162,000	100	229,709	10,152
Leasing Fyn Faaborg A/S	5,000	100	13,506	4,990
Ejendomsselskabet Sjælland-Fyn A/S	20,000	100	120,801	-13,340

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

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

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020

18 Investments in associates and group enterprises (continued)

Investments in associates and jointly controlled enterprises

Total cost at beginning of year	160,190	43,977	124,617	8,404
Additions for the year	27,666	118,096	27,666	118,096
Additions for the year	-15,000	-1,883	-15,000	-1,883
Total cost at end of year	172,856	160,190	137,283	124,617
Revaluations and impairment losses at beginning of year	31,003	2,732	27,211	1,790
Profit/loss for the year/share of profit/loss for the year	22,008	11,603	18,373	8,745
Other changes	312	-2,044	0	-2,044
Dividend	2,500	4,685	2,500	4,685
Revaluations and impairment losses for the year	0	23,397	0	23,405
Revaluations and impairment losses at end of year	50,823	31,003	43,084	27,211
Holding recognised at end of year	223,679	191,193	180,367	151,828
Thereof, credit institutions	206,842	163,059	163,530	123,694

Notes

Note	Amounts in DKK'000	Capital	Ownership interest in %	Equity at end of year	Profit/loss
18	Investments in associates and group enterprises (continued)				
	Associates, 2021				
	FinanceZealand A/S	4,500	49.0	8,421	8,506
	Sparekassen Sjælland-Fyn, group share			4,126	4,168
	The above enterprise is registered in the Municipality of Vordingborg.				
	Lollands Bank A/S	21,600	24.5	614,189	62,689
	Sparekassen Sjælland-Fyn, group share			150,636	13,031
	The above enterprise is registered in the Municipality of Lolland Kommune				
	Impagt Invest Sjælland A/S	2,000	50.0	48,311	-1,689
	Sparekassen Sjælland-Fyn, group share			24,156	-845
	The above enterprise is registered in the Municipality of Roskilde Kommune				
	Nordic Firefly A/S	543	26.3	1,015	46
	Sparekassen Sjælland-Fyn, group share			267	12
	The above enterprise is registered in the Municipality of Roskilde Kommune				

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

Notes

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

Jointly controlled enterprises, 2021

Leasing Fyn Bank A/S	58,500	33.3	129,937	10,907
Sparekassen Sjælland-Fyn, group share			43,312	3,636

The above enterprise is registered in the Municipality of Odense.

Fællesledede virksomheder, 2020

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

The above enterprise is registered in the Municipality of Odense.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020

19 Pooled plans

Assets in pooled plans

Cash balance	16,561	17,187	16,561	17,187
Shares/unit trust certificates	2,388,749	2,064,694	2,388,749	2,064,694
Total pooled assets	2,405,310	2,081,881	2,405,310	2,081,881

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020

20 Intangible assets

Goodwill

Cost at beginning of year	91,154	91,154	91,154	91,154
Cost at end of year	91,154	91,154	91,154	91,154
Total	91,154	91,154	91,154	91,154

Other intangible assets

Cost at beginning of year	23,424	137,313	23,424	137,313
Additions for the year	5,259	11,981	5,259	11,981
Disposals for the year	3,555	125,870	3,555	125,870
Cost at end of year	25,128	23,424	25,128	23,424

Amortisation and impairment losses at beginning of year	23,327	137,144	23,327	137,144
Disposals for the year	3,555	125,870	3,555	125,870
Amortisation for the year	5,332	12,053	5,332	12,053

Amortisation and impairment losses at end of year	25,104	23,327	25,104	23,327
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Total	24	97	24	97
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Total intangible assets	91,178	91,251	91,178	91,251
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Goodwill is tested at least twice a year for impairment and more frequently in the event of indications of impairment.

Management's expected development in core earnings over a five-year budget period is used as a basis. The calculation takes as its starting point historical growth adjusted by Management's expectations, see below. Management's required rate of return is 12.8% before tax (2020: 12.8%) and 10.0% after tax (2020: 10.0%). The annual terminal value growth rate is assumed to be 1.5% (2020: 1.5%). Sparekassen's budget serves as a basis for the calculation.

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

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
21 Land and buildings					
Investment property					
Fair value at beginning of year	122,048	157,465	3,070	6,258	
Additions	53,292	35,746	0	0	
Disposals	46,787	58,216	1,250	2,490	
Fair value adjustments for the year	-7,050	-12,947	0	-698	
Fair value at end of year	121,503	122,048	1,820	3,070	
Rental income	7,644	10,563	0	12	
Operating expenses	4,186	6,758	250	312	
Thereof, operating expenses for investment property not having generated rental income for the year	1,335	1,251	250	299	
	Quoted prices	Observable input	Non-observable input	Total	
Fair value hierarchy for investment property					
Group 2021	0	0	121,503	121,503	
Group 2010	0	0	122,048	122,048	

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
21 Land and buildings (continued)					
Owner-occupied property					
Cost at beginning of year	318,342	293,735	62,149	62,149	
Additions	71,718	43,774	0	0	
Disposals	10,359	19,167	0	0	
Cost at end of year	379,701	318,342	62,149	62,149	
Accumulated depreciation and impairment losses at beginning of year	46,574	43,114	16,150	15,493	
Depreciation for the year	396	411	396	411	
Impairment losses for the year	5,850	7,916	0	246	
Disposals for the year	1,959	4,867	0	0	
Accumulated depreciation and impairment losses at end of year	50,861	46,574	16,546	16,150	
Accumulated revaluation at beginning of year	1,447	2,926	1,447	2,926	
Revaluation for the year	0	-1,479	0	-1,479	
Accumulated revaluation at end of year	1,447	1,447	1,447	1,447	
Revalued amount at end of year	330,287	273,215	47,050	47,446	
If no revaluation had been made, the carrying amount of owner-occupied property would be:	328,840	271,768	45,603	45,999	

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

Notes

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

Fair value hierarchy of owner-occupied property

Group 2021	0	0	330,287	330,287
Group 2020	0	0	273,215	273,215

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 3.0% and 14.2% has been used in measuring properties located on Zealand and Funen and in Jutland (2020: 4.3% 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 fair value of the property.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020

21 Land and buildings (continued)

Owner-occupied property, revalued amount at end of year	330,287	273,215	47,050	47,446
Owner-occupied property, leased assets	39,277	42,713	137,215	103,133
Owner-occupied property, according to balance sheet	369,564	315,928	184,265	150,579

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020

22 Other property, plant and equipment

Total cost at beginning of year	142,107	143,745	135,598	133,920
Additions	6,572	14,180	6,572	14,180
Disposals	21,771	15,818	21,771	12,502
Total cost at end of year	126,408	142,107	120,399	135,598

Depreciation and impairment loss at beginning of year	119,197	112,397	112,688	102,572
Depreciation and impairment losses for the year	8,875	22,618	8,875	22,618
Reversal of depreciation and impairment losses	21,539	15,818	21,539	12,502
Depreciation and impairment losses at end of year	106,533	119,197	100,024	112,688

Carrying amount	20,375	22,910	20,375	22,910
Other property, plant and equipment, according to balance sheet	4,316	3,534	4,316	3,534
Other property, plant and equipment, leased assets	24,691	26,444	24,691	26,444

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
23 Lease assets and liabilities					
Group as lessee					
Lease assets					
Owner-occupied property	39,277	42,713	137,215	103,133	
Cars	2,016	2,110	2,016	2,110	
Other property, plant and equipment	2,301	1,424	2,301	1,424	
Total, at period-end	43,594	46,247	141,532	106,667	
Depreciation of lease assets					
Owner-occupied property	23,974	36,886	60,113	59,604	
Cars	2,335	1,472	2,335	1,472	
Other property, plant and equipment	976	588	976	588	
Total depreciation	27,285	38,946	63,424	61,664	
Additions for the period, lease assets					
Owner-occupied property	0	0	29,291	428	
Cars	1,140	2,000	1,140	2,000	
Other property, plant and equipment	1,853	534	1,853	534	
Total additions for the period	2,993	2,534	32,284	2,962	
Cash outflow on leases					
Less than 1 year	10,520	20,663	28,967	32,724	
From 1 and 2 years	9,663	11,309	28,110	19,691	
From 2 to 3 years	8,969	7,308	27,416	15,675	
From 3 to 4 years	8,271	4,172	26,718	12,538	
From 4 to 5 years	8,261	2,726	26,709	11,092	
More than 5 years	824	2,907	14,194	23,471	
Total cash outflow	46,507	49,085	152,114	115,192	

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
23 Lease assets and liabilities (continued)					
Short-term lease liabilities					
Owner-occupied property	8,190	18,538	26,476	30,494	
Cars	1,217	1,096	1,217	1,096	
Other property, plant and equipment	1,032	858	1,032	858	
Total	10,439	20,492	28,725	32,448	
Long-term lease liabilities					
Owner-occupied property	31,971	25,437	113,597	75,243	
Cars	825	1,000	825	1,000	
Other property, plant and equipment	1,268	566	1,268	566	
Total	34,064	27,003	115,690	76,809	
Total lease liabilities, at period-end	44,503	47,495	144,415	109,257	
Total interest expenses regarding lease liabilities	813	1,059	2,421	2,327	
Total cash flow from leases	16,429	22,132	33,089	33,899	

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

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

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

Intra-group leases

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

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
23 Lease assets and liabilities (continued)					
Group as a lessor					
The Group serves as lessor in the areas of commercial leasing and vendor leasing with particular emphasis on transport, agricultural, industrial and contracting businesses. Finance leases are provided.					
Finance leases					
Opening balance	805,039	717,049	0	0	
Additions	215,931	373,831	0	0	
Disposals	88,384	285,841	0	0	
Ultimo	932,586	805,039	0	0	
By term to maturity					
Up to 1 year	238,122	196,254	0	0	
More than 1 year and up to 5 years	621,719	545,216	0	0	
More than 5 years	72,745	63,569	0	0	
Total	932,586	805,039	0	0	
Gross investments					
Up to 1 year	264,329	219,731	0	0	
From 1 to 2 years	236,166	206,912	0	0	
From 2 to 3 years	198,748	170,352	0	0	
From 3 to 4 years	144,107	128,522	0	0	
From 4 to 5 years	91,385	78,414	0	0	
More than 5 years	75,289	65,776	0	0	
Total	1,010,024	869,707	0	0	
Unearned finance income	77,438	64,668	0	0	
Interest on finance leases	35,709	30,273	0	0	
Profit from sale of lease assets	2,095	1,727	0	0	

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
24 Deferred tax assets/ liabilities					
Deferred tax at beginning of year	162,982	163,753	154,016	155,070	
Change in deferred tax for the year	-62,234	-26,680	-61,008	-25,442	
Adjustment of deferred tax asset, written down	15,450	25,909	13,224	24,388	
Net deferred tax assets at end of year	116,198	162,982	106,232	154,016	
Deferred tax assets	116,198	162,982	106,232	154,016	
Deferred tax liabilities	0	0	0	0	
Net deferred tax at end of year	116,198	162,982	106,232	154,016	

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

Notes

Note	Amounts in DKK'000	Deferred tax at beginning of year	Recognised in profit/loss for the year	Recognised in other comprehensive income	Deferred tax at end of year
24	Deferred tax assets/liabilities (continued)				
	Change in deferred tax Group 2021				
	Intangible assets	-20,054	0	0	-20,054
	Machinery and equipment	1,846	-1,463	0	383
	Properties	-2,661	-275	4	-2,932
	Loans, leases	1,590	-7	0	1,583
	Other	12,464	-1,090	0	11,374
	Tax loss	229,152	-59,403	0	169,749
	Deferred tax asset, written down	-59,355	15,450	0	-43,905
	Total	162,982	-46,788	4	116,198
	Koncern 2020				
	Intangible assets	-13,390	-6,664	0	-20,054
	Machinery and equipment	2,954	-1,108	0	1,846
	Properties	-2,755	90	4	-2,661
	Loans, leases	-2,085	3,675	0	1,590
	Other	9,232	3,232	0	12,464
	Tax loss	255,061	-25,909	0	229,152
	Deferred tax asset, written down	-85,264	25,909	0	-59,355
	Total	163,753	-775	4	162,982

Note	Amounts in DKK'000	Deferred tax at beginning of year	Recognised in profit/loss for the year	Recognised in other comprehensive income	Deferred tax at end of year
24	Deferred tax assets/liabilities (continued)				
	Change in deferred tax Sparekassen (Parent) 2021				
	Intangible assets	-20,054	0	0	-20,054
	Machinery and equipment	4,361	-3,189	0	1,172
	Properties	-36	0	4	-32
	Other	14,850	579	0	15,429
	Tax loss	168,119	-58,402	0	109,717
	Deferred tax asset, written down	-13,224	13,224	0	0
	Total	154,016	-47,788	4	106,232
	Sparekassen (Parent) 2020				
	Intangible assets	-13,390	-6,664	0	-20,054
	Machinery and equipment	2,764	1,597	0	4,361
	Properties	-286	246	4	-36
	Other	11,087	3,763	0	14,850
	Tax loss	192,507	-24,388	0	168,119
	Deferred tax asset, written down	-37,612	24,388	0	-13,224
	Total	155,070	-1,058	4	154,016

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
25 Other assets					
Positive market value of derivatives	23,091	30,002	23,091	30,002	
Various receivables	40,918	37,263	8,023	410	
Interest and commission receivable	15,587	10,583	15,549	10,583	
Other assets	198,843	165,344	197,037	163,154	
Total	278,439	243,193	243,700	204,150	
Amounts expected to be recovered/ settled after 12 months	212,694	171,427	177,955	132,384	
Amounts expected to be recovered/ settled within 12 months	65,745	71,766	65,745	71,766	

26 Amounts owed to credit institutions and central banks

Amounts owed to central banks	21	0	21	0
Amounts owed to credit institutions	577,752	558,383	576,863	557,320
Total	577,773	558,383	576,884	557,320
By time to maturity:				
Debt payable on demand	576,884	557,353	576,884	557,320
Up to 3 months	34	129	0	0
From 3 months to 1 year	140	304	0	0
From 1 year to 5 years	246	597	0	0
More than 5 years	469	0	0	0
Total	577,773	558,383	576,884	557,320

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
27 Deposits and other debt					
On demand	18,764,529	18,929,358	18,788,899	19,007,731	
At notice	8,114	9,869	8,114	9,869	
Time deposits	0	0	0	0	
Special deposits	993,317	1,061,715	993,317	1,061,715	
Total	19,765,959	20,000,941	19,790,329	20,079,315	
Debt payable on demand	18,790,514	18,957,490	18,814,884	19,035,864	
Deposits at notice:					
Up to 3 months	130,067	132,092	130,067	132,092	
From 3 months to 1 year	22,807	24,737	22,807	24,737	
From 1 year to 5 years	162,223	153,308	162,223	153,308	
More than 5 years	660,350	733,314	660,350	733,314	
Total	19,765,959	20,000,941	19,790,329	20,079,315	

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
28 Issued bonds at amortised cost					
Non-preferred senior debt	0	0	0	0	
Preferred senior debt	377,810	198,656	377,810	198,656	
Total	377,810	198,656	377,810	198,656	
By time to maturity:					
Debt payable on demand	0	0	0	0	
Up to 3 months	0	0	0	0	
From 3 months to 1 year	0	0	0	0	
From 1 year to 5 years	377,810	198,656	377,810	198,656	
More than 5 years	0	0	0	0	
Total	377,810	198,656	377,810	198,656	
29 Other liabilities					
Various payables	69,091	67,821	48,302	55,309	
Negative market value of derivatives	22,518	30,166	22,518	30,166	
Lease commitments	44,503	47,495	144,416	109,257	
Interest and commission payable	16,319	12,369	16,276	12,321	
Other liabilities	117,229	163,177	117,232	163,177	
Total	269,660	321,028	348,744	370,230	
Amounts expected to be settled within 12 months	210,326	277,600	207,781	264,846	
Amounts expected to be settled after 12 months	59,336	93,428	140,963	105,384	

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
30 Provisions					
Provisions for losses on guarantees etc	77,290	88,769	77,290	88,769	
Other provisions	21,254	28,665	21,254	28,665	
Total	98,544	117,434	98,544	117,434	
Provisions for losses on guarantees					
Balance at beginning of year	88,769	64,795	88,769	64,795	
New provisions (net)	-11,479	23,974	-11,479	23,974	
Other changes	0	0	0	0	
Finally written off	0	0	0	0	
Provisions for losses on guarantees at end of year	77,290	88,769	77,290	88,769	
By time to maturity:					
Up to 1 year	12,668	20,892	12,668	20,892	
From 1 year to 5 years	20,451	17,497	20,451	17,497	
More than 5 years	44,171	50,380	44,171	50,380	
Total	77,290	88,769	77,290	88,769	

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
30 Provisions (continued)					
Provisions for losses on committed facilities and undrawn credit lines					
Balance at beginning of year	27,185	8,456	27,185	8,456	
New provisions (net)	-6,192	18,729	-6,192	18,729	
Other changes	0	0	0	0	
Finally written off	0	0	0	0	
Provisions for losses on committed facilities and undrawn credit lines at end of year	20,994	27,185	20,994	27,185	
By time to maturity:					
Up to 1 year	20,994	27,185	20,994	27,185	
From 1 year to 5 years	0	0	0	0	
More than 5 years	0	0	0	0	
Total	20,994	27,185	20,994	27,185	
Other provisions					
Balance at beginning of year	1,480	2,959	1,480	2,959	
New provisions (net)	-1,220	-1,479	-1,220	-1,479	
Other changes	0	0	0	0	
Finally written off	0	0	0	0	
Other provisions at end of year	260	1,480	260	1,480	
By time to maturity:					
Up to 1 year	260	0	260	0	
From 1 year to 5 years	0	1,480	0	1,480	
More than 5 years	0	0	0	0	
Total	260	1,480	260	1,480	

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

Note	Amounts in DKK'000	Current rate of interest	Sparekassen (Group/Parent)	
			2021	2020
31 Subordinated loan capital				
Supplerende kapital				
Floating interest rate, maturing in February 2027, may be repaid early in 2022.	5.94 % ¹⁾		50,000	50,000
From 2022 to 2027, the interest rate will be six months' CIBOR + 5.5% with half-yearly adjustment.				
Floating interest rate, maturing in December 2027, may be repaid early in 2022.	4.75 % ¹⁾		50,000	50,000
From 2022 to 2027, the interest rate will be six months' CIBOR + 4.39% with half-yearly adjustment.				
Floating interest rate, maturing in June 2028, may be repaid early in 2023.	4.50 % ¹⁾		130,000	130,000
From 2023 to 2028, the interest rate will be six months' CIBOR + 4.11% with half-yearly adjustment.				
Floating interest rate, maturing in November 2028, may be repaid early in 2023.	4.75 % ¹⁾		41,000	41,000
From 2023 to 2028, the interest rate will be six months' CIBOR + 4.24% with half-yearly adjustment.				
Floating interest rate, maturing in June 2029, may be repaid early in 2024.	4.50 % ¹⁾		150,000	150,000
From 2024 to 2029, the interest rate will be six months' CIBOR + 4.64% with half-yearly adjustment.				
Floating interest rate, maturing in December 2029, may be repaid early in 2024.	4.45 % ¹⁾		152,000	152,000
From 2024 to 2029, the interest rate will be six months' CIBOR + 4.51% with half-yearly adjustment.				
Floating interest rate, maturing in August 2032, may be repaid early in 2027.	2.91 %		100,000	0
The interest rate will be six months' CIBOR + 3.10% with half-yearly adjustment.				
Total supplementary capital			673,000	573,000
Total hybrid capital			0	0
Total subordinated loan capital			673,000	573,000
Costs of establishment are charged to profit or loss over the expected term to maturity			2,928	3,331
Total subordinated loan capital according to the balance sheet			670,072	569,669

Notes

Note	Amounts in DKK'000	Current rate of interest	Sparekassen (Group/Parent)	
			2021	2020
31 Subordinated loan capital (continued)				
Hybrid kapital reklassificeret til egenkapital				
Floating interest rate, indefinite term to maturity, may be repaid early in 2022. ²⁾	6.75 % ¹⁾		55,000	55,000
From 2022, the interest rate will be six months' CIBOR + 6.39% with half-yearly adjustment.				
Floating interest rate, indefinite term to maturity, may be repaid early in 2023. ²⁾	6.50 % ¹⁾		280,000	280,000
From 2023, the interest rate will be six months' CIBOR + 6.11% with half-yearly adjustment.				
Floating interest rate, indefinite term to maturity, may be repaid early in 2023 ²⁾	6.25 % ¹⁾		41,000	41,000
From 2023, the interest rate will be six months' CIBOR + 5.74% with half-yearly adjustment.				
Total hybrid capital, reclassified to equity			376,000	376,000
Subordinated loan capital included in the calculation of capital resources			996,072	945,669

1) Fixed interest rate for the first five years.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
31 Subordinated loan capital (continued)					
Interest etc on subordinated loan capital					
Interest (excluding interest on reclassified hybrid core capital recognised in equity)		28,073	32,393	28,073	32,393
Extraordinary instalments/repayments/conversions		0	105,000	0	105,000
Expenses for raising subordinated loan capital		750	0	750	0
Expenses for repaying subordinated loan capital		0	0	0	0

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

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

In calculating capital resources, subordinated loan capital is included at DKK 996,072k compared to DKK 945,669k in 2020.

In 2021, Sparekassen repaid DKK 0k in supplementary capital compared to DKK 105,000k in 2020.

On 3 January 2022, Sparekassen decided to settle DKK 50m in supplementary capital. This settlement takes place as part of Sparekassen's long-term capital plans and according to prior permission from the Danish Financial Supervisory Authority. Consequently, this capital is not included in the calculation of capital resources at year-end 2021.

Notes

Note

33 Shareholder information

At 31 December 2021, Sparekassen Sjælland-Fyn has registered the following shareholders to hold between 5% and 9.99% of the voting rights or nominal value of the share capital:

2021

Sydbank A/S, Aabenraa

AP Pension Livsforsikringsaktieselskab, København

Købstædernes Forsikring, Gensidig, København

Jyske Bank A/S, Silkeborg

2020

Sydbank A/S, Aabenraa

AP Pension Livsforsikringsaktieselskab, København

Købstædernes Forsikring, Gensidig, København

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
34	Contingent liabilities and assets				
	Contingent liabilities				
	Finance guarantees	359,772	267,342	391,172	289,942
	Loss guarantees for mortgage loans	2,921,169	2,849,877	2,921,169	2,849,877
	Property registration and conversion guarantees	3,439	33,403	3,439	33,403
	Other contingent liabilities	3,955,724	3,975,166	3,955,724	3,975,166
	Total	7,240,104	7,125,788	7,271,504	7,148,388

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

Sparekassen's participation in the data centre Bankdata implies that, in the event of withdrawal, it is obliged to pay a withdrawal compensation. Like other Danish financial institutions, Sparekassen is subject to the Danish Deposit Guarantee Fund and is so obliged, together with other financial institutions, to cover depositors' balances etc of up to EUR 100,000 with financial institutions in the process of liquidation or bankruptcy.

The Parent participates in a Danish joint taxation arrangement with its subsidiaries. According to the joint taxation provisions of the Danish Corporation Tax Act, Sparekassen is therefore liable for income taxes etc for the jointly taxed companies, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies. Together with Investeringselskabet Sjælland-Fyn A/S and Leasing Fyn Faaborg A/S, Sparekassen Sjælland-Fyn A/S is jointly registered for VAT and payroll tax.

Totalkredit loans arranged by the Group from 2007 are subject to an agreed right of set-off against future current commission which Totalkredit may enforce if any losses are recorded on the loans arranged. Sparekassen does not expect that this right of set-off will have a material effect on its financial position.

Except for ordinary contracts of employment with its staff, Sparekassen does not have any other significant obligating arrangements. Due to its business activities, Sparekassen is or may be party to different lawsuits or disputes. Sparekassen assesses the risk in each case, and any necessary provisions are recorded under provisions.

No other contingent liabilities are estimated to exist that have not been recognised as relevant in the balance sheet..

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020

34 Contingent liabilities and assets (continued)

Contingent assets

Deferred tax asset, written down	43,905	59,355	0	13,224
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Deferred tax assets have been partially written down as it is difficult to document with sufficient certainty that they can be used in full within the foreseeable future. Subsequent use of the written-down asset is not subject to any time limits.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020

35 Assets provided as collateral

Bonds deposited with Danmarks Nationalbank, clearing centres etc	1,731,376	1,133,703	1,731,376	1,133,703
Cash deposited with credit institutions, CSA agreements	22,544	22,695	22,544	22,695
Loss limit towards the Danish Growth Fund	259	260	259	260
Total assets provided as collateral	1,754,179	1,156,658	1,754,179	1,156,658

Unencumbered deposited securities may be discharged on demand.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020

36 Capital resources

Equity excluding hybrid core capital	3,409,628	2,996,208	3,409,628	2,996,208
Intangible assets	-91,178	-91,251	-91,178	-91,251
Deferred tax assets	-116,197	-162,982	-106,232	-154,016
Proposed dividend	-104,250	0	-104,250	0
Deduction, capital instruments exceeding 10%	-290,162	-245,990	-287,751	-244,883
Other additions/deductions	169,307	213,429	171,398	215,533
Common Equity Tier 1 capital	2,977,148	2,709,414	2,991,615	2,721,591

Hybrid core capital	376,000	376,000	376,000	376,000
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Core capital (including hybrid core capital) net of primary deductions	3,353,148	3,085,414	3,367,615	3,097,591
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Supplementary capital	620,072	569,669	620,072	569,669
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Capital resources	3,973,219	3,655,082	3,987,687	3,667,259
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Risk exposures

Credit risk	14,147,509	13,986,690	14,266,212	14,090,641
Market risk	829,270	899,522	829,352	899,612
Operational risk	2,039,764	1,912,923	2,005,246	1,879,639
Total risk exposures	17,016,542	16,799,135	17,100,810	16,869,892

Capital ratio	23.3	21.8	23.3	21.7
Core capital ratio	19.7	18.4	19.7	18.4
Common Equity Tier 1 capital ratio	17.5	16.1	17.5	16.1

Capital resources, requirement under Section 124(2) of the Danish Financial Business Act	1,361,323	1,343,931	1,368,065	1,349,591
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Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020

36 Capital resources (continued)

Sparekassen applies the transitional scheme in the implementation of IFRS 9. Under the transitional scheme, Sparekassen may phase in the negative consequences of IFRS 9 into the capital resources over a five-year period. As a reaction to the Covid-19 pandemic, the settlement of the dynamic part of the transition period has been reset in 2020, with a new 5 year phasing-in period

Common Equity Tier 1 capital

Core capital (including hybrid core capital) net of primary deductions	2,812,136	2,505,656	2,826,603	2,517,833
Capital resources	3,188,136	2,881,656	3,202,603	2,893,833
Capital resources	3,808,207	3,451,325	3,822,675	3,463,502
Total risk exposures	16,928,953	16,676,560	17,014,901	16,750,961
Capital ratio	22.5	20.7	22.5	20.7
Core capital ratio	18.8	17.3	18.8	17.3
Common Equity Tier 1 capital ratio	16.6	15.0	16.6	15.0

The capital ratio has been calculated in accordance with the Danish FSA's Executive Order on Capital Adequacy for Banks and Certain Credit Institutions. Sparekassen complies with the Danish rules for step phase-in of the requirements of the Capital Requirements Regulation and the Capital Requirements Directive (CRR/CRD IV).

The capital adequacy rules require a minimum capital of 8% of calculated risks plus an individual solvency requirement. The statement of individual solvency requirement is evident from Sparekassen's risk report which is published together with the Annual Report on Sparekassen's website, https://www.spks.dk/om_sparekassen/regnskab. The risk report and the statement of the individual solvency requirement have not been audited

Capital resources are composed of core capital (equity and hybrid capital) and supplementary capital. Under certain conditions, the subordinated loan capital may be included in capital resources. Subordinated loan capital is disclosed note 31.

It is Sparekassen's strategy to continuously have a comfortable excess capital adequacy to secure latitude for Sparekassen to pursue its business and strategic priorities and aims and to maintain continuity in what we do. Also, Sparekassen makes a current effort to reduce risk as well as charge on capital on non-core activities as much as possible. Sparekassen considers its excess capital adequacy to be satisfactory.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020

37 Related parties

The amount of loans, mortgages, recourse and non-recourse guarantees as well as related collateral security established for the members of Management listed below:

Executive Board					
Loans and non-recourse guarantees	800	1,022	800	1,022	
Interest rate for loans	5.15 % - 8.95 %	5.15 % - 8.95 %	5.15 % - 8.95 %	5.15 % - 8.95 %	
Board of Directors					
Loans and non-recourse guarantees	29,698	31,730	29,698	31,730	
Interest rate for loans	1.05 % - 4.1 %	1.05 % - 4.1 %	1.05 % - 4.1 %	1.05 % - 4.1 %	

Loans to employee board members are granted on Sparekassen's general terms for employees. Loans to other board members are granted on an arm's length basis.

Sparekassen has had the following transactions with related parties in the financial year:

Executive Board	0	0
Board of Directors	2,219	2,046

The transactions cover consultancy services from HM Gruppen A/S, in which Vice-Chairman Jakob N. Andersson serves as Board Member and Executive Officer. All related party transactions have been conducted on an arm's length basis.

Notes

Note	Amounts in DKK'000	Associates and jointly controlled enterprises		Group enterprises	
		2021	2020	2021	2020

37 Related parties (continued)

Balances and transactions with:

Loans and other amounts owed	33,383	39,152	943,887	1,045,816
Deposits and other debt	57,542	62,388	66,380	116,385
Net interest income	826	641	22,004	18,060
Commission and fee income	29	22	3,475	2,407
Rent	0	0	17,252	12,253
Management fee, income	0	0	981	1,488
Guarantees	6,122	5,944	31,400	22,600
Investments/dividend			2,132	4,903

Sparekassen serves as banker for group enterprises. The transactions primarily cover payment of interest and rent. All transactions with the companies mentioned have been conducted on an arm's length basis.

There are not credit-impaired related parties (Stage 3).

Note	2021	2020	Change in number
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38 Shares held by the Board of Directors and the Executive Board at end of year

Board of Directors

Thomas Kullegaard	26,182	19,167	7,015
Jakob Nørrekjær Andersson	17,600	17,099	501
Erik Larsen	6,192	4,612	1,580
Per Olsen	5,348	5,348	0
Otto Spliid	5,138	2,811	2,327
Bent Andersen	3,523	2,341	1,182
Helle Lindhof Bjørnøe	3,188	3,188	0
Torben Dalby Larsen (joined the Board of Directors in 2021)	1,554	267	1,287
Mads Wallin	768	768	0

Executive Board

Lars Petersson	34,344	24,466	9,878
Lars Bolding	17,000	17,000	0
Bruno Riis-Nielsen	8,024	8,024	0

Calculated inclusive of related parties. Sparekassen has not issued share options, warrants or convertible bonds to either the Board of Directors or the Executive Board.

Notes

Group 2021

Note	Amounts in DKK'000	Nominval value	Net market value	Positive market value	Negative market value
39 Derivatives					
Currency contracts					
Forward contracts, purchases	0	0	0	0	0
Forward contracts, sales	870	4	4	0	0
Currency swaps	92,497	23	179	156	
Unsettled spot transactions, purchases	416	1	1	0	0
Unsettled spot transactions, sales	406	-1	1	2	
Interest rate contracts					
Forward contracts, purchases	433,298	2,508	2,983	475	
Forward contracts, sales	433,286	-591	1,120	1,711	
Interest rate swaps	587,596	-1,588	18,033	19,621	
Unsettled spot transactions, certificates, purchases	60,280	32	137	105	
Unsettled spot transactions, certificates, sales	63,350	171	249	78	
Share contracts					
Forward contracts, purchases	0	0	0	0	0
Forward contracts, sales	0	0	0	0	0
Unsettled spot transactions, purchases	978	-100	135	235	
Unsettled spot transactions, sales	1,004	115	249	135	
Other derivative contracts					
Options, acquired	0	0	0	0	0
Options, issued	0	0	0	0	0
Total derivatives	1,673,980	573	23,091	22,518	

Group 2020

Note	Amounts in DKK'000	Nominval value	Net market value	Positive market value	Negative market value
39 Derivatives (continued)					
Currency contracts					
Forward contracts, purchases	1,723	-1	0	1	
Forward contracts, sales	119,028	33	33	0	
Currency swaps	48,460	360	360	0	
Unsettled spot transactions, purchases	1,977	15	16	0	
Unsettled spot transactions, sales	2,981	-13	12	26	
Interest rate contracts					
Forward contracts, purchases	425,127	5,737	5,737	0	
Forward contracts, sales	425,322	-4,077	25	4,102	
Interest rate swaps	530,563	-2,347	23,019	25,366	
Unsettled spot transactions, certificates, purchases	34,572	243	244	0	
Unsettled spot transactions, certificates, sales	50,244	-136	8	144	
Share contracts					
Forward contracts, purchases	0	0	0	0	0
Forward contracts, sales	0	0	0	0	0
Unsettled spot transactions, purchases	1,762	-70	233	302	
Unsettled spot transactions, sales	1,762	91	316	225	
Other derivative contracts					
Options, acquired	0	0	0	0	0
Options, issued	0	0	0	0	0
Total derivatives	1,643,521	-164	30,002	30,166	

2021
2020

The market value is recognised in the balance sheet at the following amounts for the Group

Other assets	23,091	30,002
Other liabilities	22,518	30,166

Notes

Sparekassen (Parent) 2021

Note	Amounts in DKK'000	Nominal value	Net market value	Positive market value	Negative market value
39 Derivatives (continued)					
Currency contracts					
	Forward contracts, purchases	0	0	0	0
	Forward contracts, sales	870	4	4	0
	Currency swaps	92,497	23	179	156
	Unsettled spot transactions, purchases	416	1	1	0
	Unsettled spot transactions, sales	406	-1	1	2
Interest rate contracts					
	Forward contracts, purchases	433,298	2,508	2,983	475
	Forward contracts, sales	433,286	-591	1,120	1,711
	Interest rate swaps	587,596	-1,588	18,033	19,621
	Unsettled spot transactions, certificates, purchases	60,280	32	137	105
	Unsettled spot transactions, certificates, sales	63,350	171	249	78
Share contracts					
	Forward contracts, purchases	0	0	0	0
	Forward contracts, sales	0	0	0	0
	Unsettled spot transactions, purchases	978	-100	135	235
	Unsettled spot transactions, sales	1,004	115	249	135
Other derivative contracts					
	Options, acquired	0	0	0	0
	Options, issued	0	0	0	0
	Total derivatives	1,673,980	573	23,091	22,518

Sparekassen (Parent) 2020

Note	Amounts in DKK'000	Nominal value	Net market value	Positive market value	Negative market value
39 Derivatives (continued)					
Currency contracts					
	Forward contracts, purchases	1,723	-1	0	1
	Forward contracts, sales	119,028	33	33	0
	Currency swaps	48,460	360	360	0
	Unsettled spot transactions, purchases	1,977	15	16	0
	Unsettled spot transactions, sales	2,981	-13	12	26
Interest rate contracts					
	Forward contracts, purchases	425,127	5,737	5,737	0
	Forward contracts, sales	425,322	-4,077	25	4,102
	Interest rate swaps	530,563	-2,347	23,019	25,366
	Unsettled spot transactions, certificates, purchases	34,572	243	244	0
	Unsettled spot transactions, certificates, sales	50,244	-136	8	144
Share contracts					
	Forward contracts, purchases	0	0	0	0
	Forward contracts, sales	0	0	0	0
	Unsettled spot transactions, purchases	1,762	-70	233	302
	Unsettled spot transactions, sales	1,762	91	316	225
Other derivative contracts					
	Options, acquired	0	0	0	0
	Options, issued	0	0	0	0
	Total derivatives	1,643,521	-164	30,002	30,166

2021 **2020**

The market value is recognised in the balance sheet at the following amounts for Sparekassen (Parent)

Other assets	23,091	30,002
Other liabilities	22,518	30,166

Notes

Group 2021, Net market value

Note	Amounts in DKK'000	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
39 Derivatives (continued)						
Currency contracts						
Forward contracts, purchases		0	0	0	0	0
Forward contracts, sales		0	-4	0	0	-4
Currency swaps		-10	-12	0	0	-23
Unsettled spot transactions, purchases		-1	0	0	0	-1
Unsettled spot transactions, sales		1	0	0	0	1
Interest rate contracts						
Forward contracts, purchases		-2,100	-407	0	0	-2,508
Forward contracts, sales		332	259	0	0	591
Interest rate swaps		0	244	0	1,344	1,588
Unsettled spot transactions, certificates, purchases		-32	0	0	0	-32
Unsettled spot transactions, certificates, sales		-171	0	0	0	-171
Share contracts						
Forward contracts, purchases		0	0	0	0	0
Forward contracts, sales		0	0	0	0	0
Unsettled spot transactions, purchases		100	0	0	0	100
Unsettled spot transactions, sales		-115	0	0	0	-115
Other derivative contracts						
Options, acquired		0	0	0	0	0
Options, issued		0	0	0	0	0
Total derivatives		-1,996	80	0	1,344	-573

Group 2020, Net market value

Note	Amounts in DKK'000	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
39 Derivatives (continued)						
Forward contracts, purchases						
Forward contracts, sales		0	0	0	0	0
Currency swaps		-33	0	0	0	-33
Unsettled spot transactions, purchases		-360	0	0	0	-360
Unsettled spot transactions, sales		-13	0	0	0	-13
Uafviklede spotforretninger, salg		11	0	0	0	11
Interest rate contracts						
Forward contracts, purchases		-5,556	-180	0	0	-5,736
Forward contracts, sales		3,937	140	0	0	4,077
Interest rate swaps		0	0	529	1,818	2,347
Unsettled spot transactions, certificates, purchases		-243	0	0	0	-243
Unsettled spot transactions, certificates, sales		136	0	0	0	136
Share contracts						
Forward contracts, purchases		0	0	0	0	0
Forward contracts, sales		0	0	0	0	0
Unsettled spot transactions, purchases		70	0	0	0	70
Unsettled spot transactions, sales		-91	0	0	0	-91
Other derivative contracts						
Options, acquired		0	0	0	0	0
Options, issued		0	0	0	0	0
Total derivatives		-2,143	-40	529	1,818	164

Notes

Sparekassen (Parent) 2021, Net market value

Note	Amounts in DKK'000	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
39 Derivatives (continued)						
Currency contracts						
Forward contracts, purchases		0	0	0	0	0
Forward contracts, sales		0	-4	0	0	-4
Currency swaps		-10	-12	0	0	-23
Unsettled spot transactions, purchases		-1	0	0	0	-1
Unsettled spot transactions, sales		1	0	0	0	1
Interest rate contracts						
Forward contracts, purchases		-2,100	-407	0	0	-2,508
Forward contracts, sales		332	259	0	0	591
Interest rate swaps		0	244	0	1,344	1,588
Unsettled spot transactions, certificates, purchases		-32	0	0	0	-32
Unsettled spot transactions, certificates, sales		-171	0	0	0	-171
Share contracts						
Forward contracts, purchases		0	0	0	0	0
Forward contracts, sales		0	0	0	0	0
Unsettled spot transactions, purchases		100	0	0	0	100
Unsettled spot transactions, sales		-115	0	0	0	-115
Other derivative contracts						
Options, acquired		0	0	0	0	0
Options, issued		0	0	0	0	0
Total derivatives		-1,996	80	0	1,344	-573

Sparekassen (Parent) 2020, Net market value

Note	Amounts in DKK'000	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
39 Derivatives (continued)						
Currency contracts						
Forward contracts, purchases		0	0	0	0	0
Forward contracts, sales		-33	0	0	0	-33
Currency swaps		-360	0	0	0	-360
Unsettled spot transactions, purchases		-13	0	0	0	-13
Unsettled spot transactions, sales		11	0	0	0	11
Interest rate contracts						
Forward contracts, purchases		-5,556	-180	0	0	-5,736
Forward contracts, sales		3,937	140	0	0	4,077
Interest rate swaps		0	0	529	1,818	2,347
Unsettled spot transactions, certificates, purchases		-243	0	0	0	-243
Unsettled spot transactions, certificates, sales		136	0	0	0	136
Share contracts						
Forward contracts, purchases		0	0	0	0	0
Forward contracts, sales		0	0	0	0	0
Unsettled spot transactions, purchases		70	0	0	0	70
Unsettled spot transactions, sales		-91	0	0	0	-91
Other derivative contracts						
Options, acquired		0	0	0	0	0
Options, issued		0	0	0	0	0
Total derivatives		-2,143	-40	529	1,818	164

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
40	Cash and cash equivalents				
	Balance at beginning of year				
	Cash and balances on demand at central banks	480,569	441,069	480,568	441,069
	Amounts owed by credit institutions and central banks	4,813,420	2,518,286	4,802,377	2,506,962
	Total	5,293,989	2,959,355	5,282,945	2,948,031
	Balance at end of year				
	Cash and balances on demand at central banks	4,014,591	480,569	4,014,591	480,568
	Amounts owed by credit institutions and central banks	186,272	4,813,420	178,888	4,802,377
	Total	4,200,863	5,293,989	4,193,479	5,282,945

Cash and cash equivalents comprise cash etc and unencumbered amounts owed by credit institutions and central banks with an original term to maturity of up to three months.

Note	Amounts in DKK'000	2021		2020	
		Fair value	Amortised cost	Fair value	Amortised cost
41	Financial assets and liabilities, Group				
	Financial assets and liabilities are recognised in the balance sheet either at fair value or at amortised cost. Below, the valuation method is disclosed for each line item.				
	Financial assets				
	Cash and balances on demand at central banks		4,014,591		480,569
	Amounts owed by credit institutions and central banks		186,272		4,813,419
	Loans and other amounts owed at amortised cost		12,067,386		11,951,447
	Bonds at fair value	7,316,343		5,849,380	
	Bonds at amortised cost		0		300,270
	Shares etc	723,125		566,946	
	Assets in pooled plans	2,405,310		2,081,881	
	Positive market value, derivatives	23,091		30,002	
	Total financial assets	10,467,869	16,268,249	8,528,209	17,545,705
	Financial liabilities				
	Amounts owed to credit institutions and central banks		577,773		558,383
	Deposits and other debt		19,765,959		20,000,941
	Deposits in pooled plans	2,405,310		2,081,881	
	Bonds issued at amortised cost		377,810		198,656
	Subordinated loan capital		670,072		569,669
	Negative market value, derivatives	22,518		30,166	
	Total financial liabilities	2,427,828	21,391,614	2,112,047	21,327,649

Notes

Note

41 Financial assets and liabilities, Group (continued)

Financial instruments recognised at fair value

Financial instruments are measured based on quoted prices in active markets (Level 1), on generally accepted valuation models with observable market data (Level 2) or on available data that are observable only to a limited extent (Level 3).

Measurement of financial instruments for which prices are quoted in active markets or which is based on generally accepted valuation models with observable market data is not subject to significant estimates.

For financial instruments, the measurement of which is based on available data that is only to a limited extent observable market data, such measurement is subject to estimation. Shares etc in Levels 2 and 3 primarily comprise unlisted shares in sector companies.

For unlisted shares in the form of shares in sector-owned companies where such shares are reallocated, such reallocation is considered to be the primary market of the shares. Fair value is determined as the reallocation price, and the shares are included as Level 2 input (observable prices).

For other unlisted shares in sector-owned companies for which observable input is not directly available, measurement is subject to estimates which include information from the companies' financial statements, experience from trading in shares in the relevant companies and input from a qualified third party. The industry association Lokale Pengeinstitutter (LOPI) recommends quarterly fair values of some of the so-called sector shares, meaning the shares held by the banks to participate actively in the infrastructure and the ranges of products supporting the business foundation of the sector. The prices recommended by LOPI are based on shareholders' agreements and transactions conducted in the sector.

Sparekassen makes an independent assessment of the prices recommended and verifies consistency with transactions conducted and financial statements published. Sparekassen estimates that alternative methods for measuring fair value of these shares will not lead to much different fair values.

Note	Amounts in DKK'000	Quoted prices (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	Total
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41 Financial assets and liabilities, Group (continued)

Fair value hierarchy for financial instruments measured at fair value in the balance sheet

	31. december 2021			
Financial assets				
Bonds at fair value	7,316,343	0	0	7,316,343
Shares etc	124,303	530,825	67,997	723,125
Assets in pooled plans	2,386,355	18,955	0	2,405,310
Derivatives	0	23,091	0	23,091
Total financial assets	9,827,001	572,871	67,997	10,467,869
Financial liabilities				
Deposits in pooled plans	0	2,405,310	0	2,405,310
Derivative financial liabilities	0	22,518	0	22,518
Total financial liabilities	0	2,427,828	0	2,427,828
	31. december 2020			
Financial assets				
Bonds at fair value	5,849,380	0	0	5,849,380
Shares etc	43,585	478,302	45,059	566,946
Assets in pooled plans	2,063,838	18,043	0	2,081,881
Derivatives	0	30,002	0	30,002
Total financial assets	7,956,803	526,347	45,059	8,528,209
Financial liabilities				
Deposits in pooled plans	0	2,081,881	0	2,081,881
Derivative financial liabilities	0	30,166	0	30,166
Total financial liabilities	0	2,112,047	0	2,112,047

Notes

Note	Amounts in DKK'000	Group	
		2021	2020
41	Financial assets and liabilities, Group (continued)		
	Financial instruments measured at fair value in the balance sheet based on Level 3		
	Carrying amount at beginning of year	45,059	216,507
	Market value adjustments recognised in profit or loss in market value adjustments	-14	-17,106
	Purchases	24,117	15,013
	Sales	1,165	169,355
	Carrying amount at end of year	67,997	45,059
	Unrealised market value adjustments	303	-5,047
	Sensitivity information		
	If the actual market value varies by plus/minus 10% compared to fair value, this affects profit or loss by plus/minus	6,800	4,506

Sparekassen does not have data to perform a sensitivity analysis of the portfolio of investment unit certificates in Level 3. Investment unit certificates amount to DKK 2,9m (2020: DKK 4.3m) of the financial instruments measured at fair value in the balance sheet based on Level 3.

No financial instruments were transferred among the different levels. There are no financial instruments for which it has not been possible to measure fair value reliably. If the classification of a financial instrument has changed compared to the beginning of the financial period, such change is deemed to have taken place at the end of the financial period.

Note	Amounts in DKK'000	Balance at beginning of year	Cash flows	Accrual of initial expenses	Balance at end of year
41	Financial assets and liabilities, Group (continued)				
	Funding activity				
	2021				
	Bonds issued at amortised cost	198,656	180,000	-846	377,810
	Subordinated loan capital	569,669	100,000	403	670,072
	Hybrid core capital	376,000	0	0	376,000
	Total liabilities related to funding activity	1,144,325	280,000	-443	1,423,882
	2020				
	Subordinated loan capital	0	200,000	-1,344	198,656
	Hybrid core capital	673,141	-105,000	1,528	569,669
	Total liabilities related to funding activity	376,000	0	0	376,000
	Samlede passiver knyttet til finansieringsaktivitet	1,049,141	95,000	184	1,144,325

Sparekassen wants to be independent of external funding in the form of market financing, and, in its business model, it attaches importance to deposits funding loans and advances.

Notes

Note

41 Financial assets and liabilities, Group (continued)

Financial instruments recognised at amortised cost

The predominant portion of the Group's receivables, loans and advances and deposits cannot be transferred without the customers' prior consent, and no active market exists for trading in such financial instruments. Fair value estimates are based on factors where changes have occurred in market conditions subsequent to initial recognition of the instrument that are of relevance to the price which would have been agreed had the terms and conditions been agreed on the balance sheet date. Other parties might reach another amount for such estimates.

The data on fair value of financial instruments recognised at amortised cost is based on the following assessments:

- If a quoted market price exists for a financial instrument, such price is used. This is the case for bonds measured at amortised cost.
- For some of the Group's deposits and loans and advances etc, the interest rate relies on developments in interest rates. Therefore, the fair value is essentially deemed to be consistent with the carrying amount.
- The fair value of loans and advances has been determined based on an informed estimate that is built on the Group regularly changing its loan covenants to match current market conditions. For loans and advances, the impairment losses recognised are considered to correspond to fair value adjustments of the credit risk. The difference relative to fair values is composed entirely of fees and commission received but not recognised.
- Fair value of amounts owed by credit institutions and central banks is determined using the same method as for loans and advances.
- The fair value of deposits, bonds issued and subordinated loan capital is deemed to be equivalent, in all material respects, with the carrying amount.

Note	Amounts in DKK'000	2021		2020	
		Carrying amount	Fair value	Carrying amount	Fair value
41 Financial assets and liabilities, Group (continued)					
Financial instruments recognised at amortised cost, disclosure of fair values					
Financial assets					
	Cash and balances on demand at central banks	4,014,591	4,014,591	480,569	480,569
	Amounts owed by credit institutions and central banks	186,272	186,272	4,813,419	4,813,419
	Loans and other amounts owed at amortised cost	12,067,386	12,125,517	11,951,447	12,010,034
	Bonds at amortised cost	0	0	300,270	300,295
	Total financial assets	16,268,249	16,326,380	17,545,705	17,604,317
Financial liabilities					
	Amounts owed to credit institutions and central banks	577,773	577,773	558,383	558,383
	Deposits and other debt	19,765,959	19,765,959	20,000,941	20,000,941
	Bonds issued at amortised cost	377,810	377,810	198,656	198,656
	Subordinated loan capital	670,072	670,072	569,669	569,669
	Total financial liabilities	21,391,614	21,391,614	21,327,649	21,327,649

Notes

Note	Amounts in DKK'000	Fair value recognised in profit or loss		Amortised cost		Total
		Trading portfolio	Fair value option	Assets	Liabilities	
41 Financial assets and liabilities, Group (continued)						
Return on and classification of financial assets and liabilities - Group 2021						
Return						
	Interest income	57,834	0	508,675	90,902	657,411
	Interest expenses	11,267	0	14,651	49,908	75,826
	Net interest income	46,567	0	494,024	40,994	581,585
	Dividend on shares etc	18,493	0	0	0	18,493
	Market value adjustments	331,071	-295,515	0	0	35,556
	Total return	396,131	-295,515	494,024	40,994	635,634
Financial assets						
	Cash and balances on demand at central banks	0	0	4,014,591	0	4,014,591
	Amounts owed by credit institutions and central banks	0	0	186,272	0	186,272
	Loans and advances at amortised cost	0	0	12,067,386	0	12,067,386
	Bonds at fair value	7,316,343	0	0	0	7,316,343
	Bonds at amortised cost	0	0	0	0	0
	Shares etc	723,125	0	0	0	723,125
	Derivatives	23,091	0	0	0	23,091
	Assets in pooled plans	2,405,310	0	0	0	2,405,310
	Total financial assets	10,467,869	0	16,268,249	0	26,736,118
Financial liabilities						
	Amounts owed to credit institutions and central banks	0	0	0	577,773	577,773
	Deposits	0	0	0	19,765,959	19,765,959
	Bonds issued at amortised cost	0	0	0	377,810	377,810
	Subordinated loan capital	0	0	0	670,072	670,072
	Derivatives	22,518	0	0	0	22,518
	Deposits in pooled plans	0	2,405,310	0	0	2,405,310
	Total financial liabilities	22,518	2,405,310	0	21,391,614	23,819,442

Notes

Note	Amounts in DKK'000	Fair value recognised in profit or loss		Amortised cost		Total
		Trading portfolio	Fair value option	Assets	Liabilities	
41 Financial assets and liabilities, Group (continued)						
Return on and classification of financial assets and liabilities - Group 2020						
Return						
	Interest income	60,136	0	508,479	58,212	626,827
	Interest expenses	8,847	0	14,671	46,416	69,934
	Net interest income	51,289	0	493,808	11,796	556,893
	Dividend on shares etc	28,994	0	0	0	28,994
	Market value adjustments	88,363	-61,891	0	0	26,472
	Total return	168,646	-61,891	493,808	11,796	612,359
Financial assets						
	Cash and balances on demand at central banks	0	0	480,569	0	480,569
	Amounts owed by credit institutions and central banks	0	0	4,813,419	0	4,813,419
	Loans and advances at amortised cost	0	0	11,951,447	0	11,951,447
	Bonds at fair value	5,849,380	0	0	0	5,849,380
	Bonds at amortised cost	0	0	300,270	0	300,270
	Shares etc	566,946	0	0	0	566,946
	Derivatives	30,002	0	0	0	30,002
	Assets in pooled plans	2,081,881	0	0	0	2,081,881
	Total financial assets	8,528,209	0	17,545,705	0	26,073,914
Financial liabilities						
	Amounts owed to credit institutions and central banks	0	0	0	558,383	558,383
	Deposits	0	0	0	20,000,941	20,000,941
	Bonds issued at amortised cost	0	0	0	198,656	198,656
	Subordinated loan capital	0	0	0	569,669	569,669
	Derivatives	30,166	0	0	0	30,166
	Deposits in pooled plans	0	2,081,881	0	0	2,081,881
	Total financial liabilities	30,166	2,081,881	0	21,327,649	23,439,696

Notes

Note

42 Financial risks and financial risk management policies and objectives

Risk management

Sparekassen assumes different risks as part of carrying on financial business and other related activities. The most significant types of risk are credit risk, market risk, liquidity risk and operational risk.

The Board of Directors defines Sparekassen's risk policy and the framework for the risk areas that Sparekassen is engaged in. The Executive Board provides the framework for each division's and employee's powers in carrying on the day-to-day operations. The objective of this overall policy is that, with strong control of risks assumed, Sparekassen will have earnings and hence equity to secure future operations.

Sparekassen only wants to participate in the funding of business that it understands and can comprehend from an advisory perspective. Generally, Sparekassen wants to have a risk profile at portfolio level that is at the lower range compared to its competitors.

Sparekassen does not want to help fund business with an excessive risk profile, speculative projects or leveraged investment activities. In credit granting, Sparekassen has adopted an ethical profile.

Sparekassen has appointed an independent risk manager who is responsible for risk management taking place in an appropriate manner, which includes providing an overview of Sparekassen's risk exposures and total risk profile. The Risk Manager's area of responsibility comprises Sparekassen's risky assets across risk areas and organisational units as well as risks arising from outsourced areas. The Risk Manager reports to the Executive Board.

The types of risk and management thereof are described below.

Credit risk

Credit risk is the risk of losses resulting from debtors' non-performance of payment obligations towards Sparekassen.

Credit policy and management as well as collateral

Sparekassen's credit risks are managed according to policies and frameworks laid down by Management. The credit policy stipulates, for example, that a sound spread must exist between lending to private customers and corporate customers and, within these groups, also a sound spread of exposure amounts and industries. The credit policy is regularly adjusted to current conditions. Sparekassen grants loans and advances to Danish private customers and small and medium-sized enterprises placed geographically in Zealand, Funen and the metropolitan area. Sparekassen's loans, advances and guarantee debtors by sector and industry are disclosed in note 14.

Note

42 Financial risks and financial risk management policies and objectives (continued)

Credit risks are managed at single customer level when loans or advances are authorised and on an ongoing basis with particular focus on exposures deemed risky. Various data which forms part of the overall basis for decision is obtained for each credit assessment. This data includes finance and accounting data, budgets, disposable income, collateral offered, supplementary comments by the customer advisor, previous credits authorised, etc.

When trading in securities, currencies and derivatives as well as in relation to payment services etc, exposures arise towards financial counterparties in the form of settlement risk or credit risk. Management authorises lines on settlement risk and credit risk towards financial counterparties, based on each counterparty's risk profile. Risks and lines on financial counterparties are monitored on an ongoing basis.

Sparekassen's primary objective of the individual assessment of the customer is to decide whether they have the necessary debt servicing capabilities and the will to repay their loans to the mortgage bank, Sparekassen and any other creditors. We use this assessment to decide whether collateral must be provided in part or in full or whether the loan may be granted without providing collateral. Provision of collateral is required to hedge the risk of the ability to pay failing for unforeseen reasons. Our experience with the customer, our knowledge of their finances and their sensitivity to external influences play a vital role in the assessment.

Sparekassen seeks to reduce exposure risk by obtaining collateral in the form of mortgages on debtors' assets.

Security is usually granted through mortgage on property, movables and/or claims. In addition, security may be provided by way of enterprises' shares, letter of subordination and recourse guarantee.

The value of the collateral provided is monitored on an ongoing basis. If risk increases, collateral is assessed even more critically. The value is assessed as realisable value net of any costs of realisation. The assessment of collateral on rental properties is based on publicly available information about returns on similar properties.

Corporate exposures are reassessed at least annually based on the customer's latest financial statements and outlook compared to economic trends and conditions in general in the customer's industry.

The individual solvency requirement per exposure is calculated on a quarterly basis for exposures exceeding 2% of capital resources.

If the customer's creditworthiness is impaired, it is important to identify this as quickly as possible in order to be able to take the necessary steps to provide for any losses. Therefore, Sparekassen's credit exposures for both corporate customers and private customers are monitored and followed up on a regular basis. Each exposure is segmented based on credit quality, and weak exposures are placed in special credit segments.

Notes

Note

42 Financial risks and financial risk management policies and objectives (continued)

Impairment charges

In reviewing for impairment, all exposures exceeding 2% of capital resources and all other exposures with objective evidence of impairment are reviewed.

Stage 1 and Stage 2 customers/facilities are written down for impairment using a portfolio model calculation.

The impairment model is based on the expected loss model and entails that, on initial recognition, a financial asset is written down by an amount equivalent to the expected credit loss over a 12-month period (Stage 1). If, subsequently, credit risk has increased significantly since initial recognition, the asset is written down by an amount equivalent to the expected credit loss over the remaining maturity period of the asset (Stage 2). If the value of the asset is credit-impaired (Stage 3), the asset will continue to be written down by an amount equivalent to the expected credit loss over the remaining maturity period of the asset, which amount will be exceeded that in Stage 2, and interest income is recognised in profit or loss applying the effective interest method to the amount written down.

Loans, advances and guarantees etc by exposure category/stage are evident from a table below in this note.

Non-performing loans

If the above ongoing monitoring identifies a credit exposure as weak, then that exposure will be placed in a special credit segment, as mentioned above. Then an individual action plan is designed to have the exposure back on track. Sparekassen makes a great effort to identify these exposures as early as possible in the process. On the one hand, it is easier to help the customer get on their feet again, and, on the other hand, it may reduce possible losses suffered by Sparekassen. The aim of the action plan is to re-transfer the customer to a higher-rated credit segment. If, for different reasons, it is not possible to keep to the action plan, and there is no appropriate and sustainable solution to the matter, the next step is debt collection. If it turns out that the claim is irrecoverable after having performed the debt collection procedure, the exposure is written off.

Exposures written off will be taken up again before any legal time limitation arises in order to determine whether the debtor has partially or fully regained their ability to pay.

Exposures placed for collection are managed by a separate entity at Sparekassen's head office.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020

42 Financial risks and financial risk management policies and objectives (continued)

Maximum credit exposure

The Group's and Sparekassen's credit exposure is composed of selected on-balance sheet and off-balance sheet items.

Credit exposure on lending activities					
On-balance sheet items					
Amounts owed by credit institutions and central banks	186,272	4,813,419	178,888	4,802,377	
Loans and other amounts owed at amortised cost	12,067,386	11,951,447	11,957,157	12,070,441	
Off-balance sheet items					
Guarantees	7,240,104	7,125,788	7,271,504	7,148,388	
Undrawn credit lines	5,337,037	5,345,431	5,444,088	5,434,615	
Credit exposure on lending activities	24,830,799	29,236,085	24,851,637	29,455,821	
Credit exposure on trading and investment activities					
On-balance sheet items					
Bonds at fair value	7,316,343	5,849,380	7,316,343	5,849,380	
Bonds at amortised cost	0	300,270	0	300,270	
Shares etc	723,125	566,946	720,095	566,946	
Positive value of derivatives	23,091	30,002	23,091	30,002	
Credit exposure on trading and investment activities	8,062,559	6,746,598	8,059,529	6,746,598	
Total credit exposure	32,893,358	35,982,683	32,911,166	36,202,419	

The risk exposure on loans, advances and guarantees etc is reduced through the provision of collateral in the form of a mortgage on real property, movables, securities and guarantees etc.

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020

42 Financial risks and financial risk management policies and objectives (continued)

The table below shows nominal values of collateral. This means the value of the nominal mortgage without any reduction. It may be relevant to reduce the value of the mortgage if the actual value of an asset will not suffice to ensure full value from a mortgage if realised. So the individual exposures may hold unsecured elements. Collateral is typically provided when a loan is set up. As a loan is settled, some cases may see security excess cover. Conversely, there may also be exposures where the value of any collateral provided will not cover the current debt.

The table shows total nominal collateral relative to total loans and advances. The actual value of the collateral is disclosed below the table.

Collateral received

Collateral by type:	2021	2020	2021	2020
Charge on real property	14,333,738	14,430,133	14,223,027	14,308,120
Charge on movables etc	5,226,209	4,921,387	4,621,279	4,383,696
Securities accounts and bank deposits	451,187	386,118	451,187	386,118
Other collateral	27,322	24,609	27,322	24,609
Total collateral	20,038,456	19,762,247	19,322,815	19,102,543
Value of collateral	16,109,552	15,227,442	15,393,911	14,567,738

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020

42 Financial risks and financial risk management policies and objectives (continued)

Concentration risk

Net of particularly secure claims, exposures with customers or groups of inter-connected customers must not exceed 25% of capital resources in accordance with Article 395 of the Capital Requirements Regulation. The Group has not had exposures exceeding the limits laid down in Article 395.

Concentration risk on large exposures accounting for 10% or more of capital resources

Credit institutions

Credit exposure net of deductions	483,165	670,268	1,570,193	1,604,839
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Other business

Credit exposure net of deductions	0	0	0	0
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More than 20% of capital resources	483,165	670,268	1,570,193	1,604,839
15-20% of capital resources	0	0	0	0
10-15% of capital resources	0	0	0	0

Number of large exposures

Credit institutions before deductions	4	4	6	5
Other business before deductions	1	1	1	2

Sparekassen has focus on avoiding concentration of risk and minimising the risk on large single exposures. The exposures were set up after carefully assessing that appropriate risk and collateral exist.

Notes

Note	Amounts in DKK'000	Group		
		Credit exposure before write-down for impairment	Collateral	Unsecured

42 Financial risks and financial risk management policies and objectives (continued)

Stage 3 credit exposures written down, by sector

2021

Agriculture	65,022	32,066	32,957	26,807
Financing and insurance	25,337	4,893	20,444	15,489
Real property	40,917	30,603	10,314	18,958
Other business	313,592	173,335	140,257	130,233
Private	225,008	112,205	112,803	121,878
Total	669,876	353,102	316,775	313,364

Credit exposures written down, by sector

2020

Agriculture	56,676	29,648	27,028	20,667
Financing and insurance	48,632	3,709	44,923	29,903
Real property	159,537	112,238	47,300	54,239
Other business	267,636	185,195	82,440	97,304
Private	336,767	143,205	193,562	182,440
Total	869,247	473,994	395,253	384,554

Note	Amounts in DKK'000	Sparekassen (Parent)		
		Credit exposure before write-down for impairment	Collateral	Unsecured

42 Financial risks and financial risk management policies and objectives (continued)

Stage 3 credit exposures written down, by sector

2021

Agriculture	64,831	31,996	32,835	26,686
Financing and insurance	25,337	4,893	20,444	15,489
Real property	39,510	29,536	9,974	18,618
Other business	303,402	167,091	163,311	126,287
Private	215,292	103,799	111,493	120,568
Total	648,372	337,315	338,057	307,647

Credit exposures written down, by sector

2020

Agriculture	55,829	29,232	26,597	20,236
Financing and insurance	48,632	3,709	44,923	29,903
Real property	155,335	109,196	46,140	53,079
Other business	258,382	179,520	78,861	93,725
Private	320,059	128,497	191,562	180,440
Total	838,236	450,153	388,083	377,384

Notes

Group

Note	Amounts in DKK'000	Stage 1	Stage 2	Stage 3	Total
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42 Financial risks and financial risk management policies and objectives (continued)

Loans, advances and guarantees etc by exposure category/stage

2021

Category 1: Exposures with substantial weaknesses	412,835	415,870	731,946	1,560,651
Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	5,651,679	1,100,882	1,560	6,754,120
Category 3: Exposures with normal credit quality	11,404,052	214,009	1,168	11,619,229
Total loans, advances and guarantees etc	17,468,566	1,730,760	734,674	19,934,000

Committed facilities and undrawn credit lines by exposure category/stage

2021

Category 1: Exposures with substantial weaknesses	25,679	84,409	69,715	179,803
Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	1,067,540	299,874	665	1,368,079
Category 3: Exposures with normal credit quality	3,785,741	3,414	0	3,789,155
Total committed facilities and undrawn credit lines	4,878,961	387,697	70,380	5,337,037

Category 1 comprises customers whose future finances are subject to great uncertainty and great uncertainty exists as to whether the customer will be able to honour their payment obligations should any negative unforeseen events occur,

Category 2 comprises customers whose finances are weak due to below-standard disposable income, negative assets or other financial vulnerabilities,

Sparekassen (Parent)

Note	Amounts in DKK'000	Stage 1	Stage 2	Stage 3	Total
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42 Financial risks and financial risk management policies and objectives (continued)

Loans, advances and guarantees etc by exposure category/stage

2021

Category 1: Exposures with substantial weaknesses	348,354	395,826	717,760	1,461,940
Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	5,474,090	1,090,136	1,442	6,565,667
Category 3: Exposures with normal credit quality	11,626,218	185,716	376	11,812,310
Total loans, advances and guarantees etc	17,448,662	1,671,678	719,577	19,839,916

Committed facilities and undrawn credit lines by exposure category/stage

2021

Category 1: Exposures with substantial weaknesses	25,679	84,409	69,715	179,803
Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	1,067,541	299,874	665	1,368,079
Category 3: Exposures with normal credit quality	3,892,792	3,414	0	3,896,205
Total committed facilities and undrawn credit lines	4,986,011	387,697	70,380	5,444,088

Category 1 comprises customers whose future finances are subject to great uncertainty and great uncertainty exists as to whether the customer will be able to honour their payment obligations should any negative unforeseen events occur,

Category 2 comprises customers whose finances are weak due to below-standard disposable income, negative assets or other financial vulnerabilities,

Notes

Group					
Note	Amounts in DKK'000	Stage 1	Stage 2	Stage 3	Total
42	Financial risks and financial risk management policies and objectives (continued)				
	Loans, advances and guarantees etc by exposure category/stage				
	2020				
	Category 1: Exposures with substantial weaknesses	490,212	502,054	947,186	1,939,452
	Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	5,916,782	1,179,254	1,677	7,097,713
	Category 3: Exposures with normal credit quality	10,528,691	230,060	1,248	10,760,000
	Total loans, advances and guarantees etc	16,935,686	1,911,368	950,112	19,797,165
	Committed facilities and undrawn credit lines by exposure category/stage				
	2020				
	Category 1: Exposures with substantial weaknesses	52,085	85,177	105,561	242,823
	Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	1,130,010	309,360	0	1,439,370
	Category 3: Exposures with normal credit quality	3,630,465	32,750	23	3,663,238
	Total committed facilities and undrawn credit lines	4,812,560	427,287	105,584	5,345,431

Category 1 comprises customers whose future finances are subject to great uncertainty and great uncertainty exists as to whether the customer will be able to honour their payment obligations should any negative unforeseen events occur,

Category 2 comprises customers whose finances are weak due to below-standard disposable income, negative assets or other financial vulnerabilities,

Sparekassen (Parent)					
Note	Amounts in DKK'000	Stage 1	Stage 2	Stage 3	Total
42	Financial risks and financial risk management policies and objectives (continued)				
	Loans, advances and guarantees etc by exposure category/stage				
	2020				
	Category 1: Exposures with substantial weaknesses	406,078	474,554	930,003	1,810,634
	Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	5,765,495	1,149,774	983	6,916,251
	Category 3: Exposures with normal credit quality	11,000,769	188,595	118	11,189,483
	Total loans, advances and guarantees etc	17,172,341	1,812,923	931,104	19,916,368
	Committed facilities and undrawn credit lines by exposure category/stage				
	2020				
	Category 1: Exposures with substantial weaknesses	52,085	85,177	105,561	242,823
	Category 2: Exposures with slightly impaired credit quality and certain signs of weakness	1,130,010	309,360	0	1,439,370
	Category 3: Exposures with normal credit quality	3,719,649	32,750	23	3,752,422
	Total committed facilities and undrawn credit lines	4,901,745	427,287	105,584	5,434,615

Category 1 comprises customers whose future finances are subject to great uncertainty and great uncertainty exists as to whether the customer will be able to honour their payment obligations should any negative unforeseen events occur,

Category 2 comprises customers whose finances are weak due to below-standard disposable income, negative assets or other financial vulnerabilities,

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020
42	Financial risks and financial risk management policies and objectives (continued)				
	Loans with zero interest rates				
	Loans with zero interest rates ¹⁾	66,978	132,502	61,322	124,509
	Thereof, written down for impairment	48,668	66,126	47,048	64,161
	On-balance sheet loans with zero interest rates	18,310	66,376	14,274	60,348

1) Loans with zero interest rates before write-downs

Note	Amounts in DKK'000	2021		2020	
		Credit exposure before write-down for impairment	Write-down for impairment	Credit exposure before write-down for impairment	Write-down for impairment

42 Financial risks and financial risk management policies and objectives (continued)

Credit exposures written down for impairment

The allocation of write-downs for impairment by stage is evident from note 11. For the Group, interest on financial assets written down for impairment amounted to DKK 16,000k in 2021 (2020: 20,000k) and is included in the line item "Impairment losses on loans and advances etc".

Stage 3 loans and advances, receivables and guarantees were subjected to individual write-down for impairment for the reasons stated below.

Group				
Bankruptcy	51,906	33,265	76,694	26,043
Debt collection and suspension of payments	33,308	24,921	58,218	45,736
Other financial difficulties	584,662	255,178	734,335	312,774
Total	669,876	313,364	869,247	384,553
Value of collateral	353,102		473,994	
Sparekassen (Parent)				
Bankruptcy	50,461	31,961	75,272	24,982
Debt collection and suspension of payments	32,240	24,321	56,417	45,456
Other financial difficulties	565,672	251,365	706,547	306,945
Total	648,372	307,647	838,236	377,383
Value of collateral	337,315		450,153	

Notes

Note

42 Financial risks and financial risk management policies and objectives (continued)

Market risk

Market risk is the risk that the market value of Sparekassen's assets and/or equity and liabilities changes as a result of changes in market conditions. Market risk covers interest rate risk, share price exposure and currency risk.

The Board of Directors lays down the overall policies, framework and principles for managing market risk. The Board of Directors defines the framework for the Executive Board who then delegates frameworks to the individual employees.

The Finance Department is responsible for determining and reporting market risks to the Board of Directors and the Executive Board. The Board of Directors and the Executive Board are every month informed about the frameworks set up and are provided with a report on any overruns.

Interest rate risk

Interest rate risk is measured as the expected loss on interest rate positions that would result from an immediate upward or downward change in all interest rates by 1 percentage point.

Sparekassen's interest rate risk arises from fixed-rate loans, bonds, deposits, subordinated loan capital and bonds issued. Financial derivatives are used to a limited extent to hedge interest rate risk. The interest rate risk constitutes the largest element of Sparekassen's market risk and is reported every month to the Board of Directors and the Executive Board.

According to Sparekassen's internal rules, the maximum total interest rate risk must not exceed 4% of core capital net of deductions.

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020

42 Financial risks and financial risk management policies and objectives (continued)

The table below shows interest rate risk specified by currency, product and duration.

	5.511	1.817	8	-3.793
Total interest rate risk				
Interest rate risk as a percentage of core capital net of deductions	0.2	0.1	0.0	-0.1
Interest rate risk by high-risk currency				
DKK	5,562	1,729	59	-3,881
EUR	-51	209	-51	209
USD	0	-121	0	-121
CHF	0	0	0	0
SEK	0	0	0	0
Other currencies	0	0	0	0
Interest rate risk by product				
Assets				
Amounts owed by credit institutions and central banks	0	0	0	0
Loans and advances etc	6,002	6,511	497	901
Shares	0	0	0	0
Bonds	30,930	33,600	30,930	33,600
Equity and liabilities				
Deposits		0	0	0
Bonds issued	-12,564	-8,338	-12,564	-8,338
Subordinated loan capital	-12,497	-19,026	-12,497	-19,026
Hybrid core capital	-5,970	-10,359	-5,970	-10,359
Derivatives				
Interest rate and currency swaps	-389	-547	-389	-547
Other derivatives	0	-25	1	-25
Total	5,511	1,817	8	-3,793

Notes

Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020

42 Financial risks and financial risk management policies and objectives (continued)

Interest rate risk by modified duration range

0-3 months	797	2,179	830	2,213
3-6 months	9	469	1	455
6-12 months	-596	833	-682	741
1-2 years	10,576	1,115	9,910	672
2-3.6 years	-8,063	-18,702	-9,892	-20,322
More than 3.6 years	2,788	15,923	-159	12,448
Total	5,511	1,817	8	-3,793

Share price exposure

According to Sparekassen's internal rules, shares exclusive of equity investments and sector shares must account for no more than 5% of core capital net of deductions. Holdings in one company must not exceed 4.5% of core capital net of deductions. Sparekassen also has a non-trading book of shares in sector companies where Sparekassen, together with other financial institutions, has acquired shares in a number of sector companies. The objective of these sector companies is to support the financial institutions' activities in terms of mortgage financing, payment services, IT, investment funds, etc.

Shareholding broken down

Listed shares etc	120,315	43,808	120,315	43,808
Other equity investments etc	49,743	26,218	46,713	26,218
Shares in sector-owned enterprises	553,067	496,920	553,067	496,920
Total shareholding	723,125	566,946	720,095	566,946

Shares exclusive of equity investments and sector shares as a percentage of core capital net of deductions	3.6	1.4	3.6	1.4
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Sensitivity to share price exposure

If the actual market value varies by plus/minus 10% compared to fair value, this affects profit or loss (after tax) by plus/minus	56,404	44,222	56,167	44,222
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Note	Amounts in DKK'000	Group		Sparekassen (Parent)	
		2021	2020	2021	2020

42 Financial risks and financial risk management policies and objectives (continued)

Currency risk

According to Sparekassen's internal rules, the maximum currency indicator for euro must not exceed 10 % of core capital net of deductions, and for other currencies it must not exceed 3 % of core capital net of deductions.

Assets denominated in foreign currencies (long net positions)	6,442	1,866	6,442	1,866
Equity and liabilities denominated in foreign currencies (short net positions)	22,938	39,857	22,938	39,857
Currency indicator 1	22,938	39,857	22,938	39,857
Currency indicator 1 as a percentage of core capital net of deductions	0.7	1.3	0.7	1.3
Currency indicator 2	368	468	368	468
Currency indicator 2 as a percentage of core capital net of deductions	0.0	0.0	0.0	0.0
Currency indicator 1 for euro as a percentage of core capital net of deductions	0.3	0.6	0.3	0.6
Currency indicator 1 for other currencies as a percentage of core capital net of deductions	0.4	0.7	0.4	0.7

Notes

Note

42 Financial risks and financial risk management policies and objectives (continued)

Liquidity risk

Liquidity risk is the risk caused by the inability to obtain the necessary funding to cover the liquidity needs.

Sparekassen regularly reviews its cash resources to ensure that liquidity is always adequate to ensure both a satisfactory excess cover relative to legal requirements and funding of expected growth. This regular assessment of liquidity includes a number of stress tests under which liquidity for at least 12 months ahead is subjected to testing. In addition to raising liquidity through equity financing and deposits by customers, liquidity is raised by obtaining subordinated loan capital, issuance of bonds, borrowing, lines on the money market and irrevocable loan commitments.

The liquidity benchmark has a threshold of 100% and has been calculated at 523% for the Group at 31 December 2021. (2020: 456 %)

The benchmark is an extension of the LCR requirement. Where the LCR requirement covers a 30-day period, the benchmark covers a three-month period where it must be possible to cover the largest expected cash outflow calculated for each of the three months. With respect to the calculation of LCR, it is, for example, possible to include multiple types of liquid assets in the calculation of the liquidity buffer.

Note	Amounts in DKK'000	Group			
		Carrying amount	Contractual cash flows	Up to 1 year	From 1 year to 5 years

42 Financial risks and financial risk management policies and objectives (continued)

Contractual maturities of financial liabilities

2021

Non-derivative financial liabilities

Amounts owed to credit institutions and central banks	577,773	577,773	577,058	715	0
Deposits and other debt	19,765,959	19,765,959	18,943,386	162,223	660,350
Deposits in pooled plans	2,405,310	2,405,310	415,461	98,987	1,890,862
Bonds issued at amortised cost	377,810	377,810	0	377,810	0
Subordinated loan capital	670,072	673,000	0	0	673,000
Guarantees	7,240,104	7,240,104	2,913,320	1,155,786	3,170,998
Undrawn credit lines	0	5,337,037	5,337,037	0	0

2020

Non-derivative financial liabilities

Amounts owed to credit institutions and central banks	558,383	558,383	558,383	0	0
Deposits and other debt	20,000,941	20,000,941	19,114,320	153,307	733,314
Deposits in pooled plans	2,081,881	2,081,881	187,038	73,026	1,821,817
Bonds issued at amortised cost	198,656	198,656	0	198,656	0
Subordinated loan capital	569,669	573,000	0	0	573,000
Guarantees	7,125,788	7,125,788	3,192,881	740,843	3,192,064
Undrawn credit lines	0	5,345,431	5,345,431	0	0

The maturity analysis shows the contractual cash flows and comprises repayments agreed on the principal, but not interest.

Payments on guarantees mature when a number of predetermined conditions have been fulfilled. Such payment obligations are included at the time of expiry of the agreements.

Undrawn credit lines may be revoked at three months' notice.

The above break-down by maturity has been made based on the earliest time at which it is possible to demand payment of an amount.

Notes

Note

42 Financial risks and financial risk management policies and objectives (continued)

Operational risk

Operational risk is the risk of losses resulting from inappropriate or inadequate internal processes, human errors or actions, system errors or from external events, including legal risks.

Operational risk is also the risk of Sparekassen not being operated according to legal and regulatory requirements, market standards and ethical requirements governing the industry.

It is Sparekassen's policy to hedge operational risks to the extent possible considering the related costs.

To minimise operational risks, Sparekassen has developed different policies, written procedures and internal controls. Executing functions and controlling functions have been segregated as far as is possible.

Sparekassen avails itself of insurance as a means to reducing losses caused by operational risks. Possible losses and events that may lead to operational risks are recorded and reported regularly to avoid such losses by improving processes and procedures.

IT supply solutions are a key area of operational risk. Management of Sparekassen addresses IT security on a regular basis. Sparekassen's primary data service provider is Bankdata, which has duplication of systems and operations in all significant areas.

The internal audit function is part of the assurance that the risk of operational errors is reduced as much as possible by auditing Sparekassen's business areas. Internal Audit reports to the Board of Directors.

The compliance function monitors compliance with laws and regulations, industry standards and internal guidelines for all business areas. This function has as its purpose to test and assess whether processes and procedures are adequate and satisfactory. The Compliance function is headed by a Compliance Officer who is responsible to the head of the CRO function, but reports directly to the Executive Board.

Notes

Note

43 Company announcements

List of company announcements sent by Sparekassen Sjælland-Fyn to Nasdaq Copenhagen A/S

25. jan. 2022	- Sparekassen Sjælland-Fyn A/S supplements its Executive Board
13. jan. 2022	- Upward adjustment of expectations for 2021 and announcement of earnings expectations for 2022
3. jan. 2022	- Update: Financial calendar 2022
3. jan. 2022	- Financial calendar 2022
3. jan. 2022	- Repayment of capital instruments
17. dec. 2021	- Announcement concerning disclosure of major shareholder
25. nov. 2021	- Sparekassen Sjælland-Fyn A/S issues supplementary capital (Tier 2)
3. nov. 2021	- Reportable transactions
3. nov. 2021	- Pre-tax profit of DKK 420.9m for Q1-Q3 2021
6. sep. 2021	- Reportable transactions
3. sep. 2021	- Reportable transactions
31. aug. 2021	- Reportable transactions
23. aug. 2021	- Reportable transactions
19. aug. 2021	- Reportable transactions
12. aug. 2021	- Reportable transactions
11. aug. 2021	- H1 2021 Interim Report – Pre-tax profit of DKK 301.6m for H1 2021
14. jul. 2021	- Upward adjustment of expectations for 2021
11. jun. 2021	- Sparekassen Sjælland-Fyn A/S issues non-preferred senior (SNP)
3. jun. 2021	- Explores the possibilities of issuing non-preferred senior (SNP)

Note

43 Company announcements (continued)

List of company announcements sent by Sparekassen Sjælland-Fyn to Nasdaq Copenhagen A/S

6. maj 2021	- Reportable transactions
5. maj 2021	- Pre-tax profit of DKK 162m for Q1 2021
15. apr. 2021	- Upward adjustment of expectations for 2021
14. apr. 2021	- The Board of Directors of Sparekassen Sjælland-Fyn A/S
8. apr. 2021	- Purchase of shares in Nordfyns Bank A/S
8. apr. 2021	- Purchase of shares in Nordfyns Bank A/S
10. mar. 2021	- Result of the Annual General Meeting of Sparekassen Sjælland-Fyn A/S
11. feb. 2021	- Reportable transactions
11. feb. 2021	- Notice convening the Annual General Meeting
11. feb. 2021	- Sparekassen Sjælland-Fyn realised a satisfactory net profit of DKK 228.7m in 2020.
14. jan. 2021	- Upward adjustment of expectations for 2020
13. jan. 2021	- Reportable transactions
6. jan. 2021	- Adjustment of Sparekassen Sjælland-Fyn A/S' financial calendar for 2021

Committee of shareholders, Board of Directors and board of directors committees

Committee of shareholders at 31 December 2020

Glazier Kim Rørdam Andersen, Kalundborg
 Attorney-at-Law Palle Andersen, Vipperød
 Executive Officer Jakob Andersson, Holbæk
 Attorney-at-Law Per Bjørnsholm, Frederiksberg C
 Executive Officer Annette Christensen, Holbæk
 Executive Officer Connie Christensen, Slagelse
 Car Dealer Anders Clausen, Holbæk
 Hard Candy Maker Michael B. Christensen, Næstved
 MSc (Econ.) Jørgen Dyhrfeldt, Frederikssund
 Executive Officer, Adviser Lene Floris, København NV
 Office Manager Finn Hallberg, Vig
 Cemetery Supervisor Henning Hansen, Samsø
 Executive Officer Gert Torben Hansen, Slagelse
 Forest Contractor Michael Henriksen, Holbæk
 Real estate agent Mikkel Engly Henriksen, Nykøbing Sj.
 Chief Executive Officer Anders Hestbech, Frederiksberg
 Insurance Agent Lars Horneman, Odense
 Chief Executive Officer Michael Huus, Holbæk
 Machinery Dealer Gert Jensen, Hørve
 Executive Officer Jesper I. Justesen, Holbæk
 Farm Owner Egon Lund Keinicke, Gørlev
 Executive Officer Allan Kienast, Holbæk
 Financial Consultant Hans Jørgen B. Kolding, Slagelse
 State-Authorised Public Accountant Claus Kolin, Odense
 Executive Officer, Architect MAA Thomas Kullegaard, Holbæk
 Farm Owner Erik Larsen, Dalmore
 Car Dealer Peter Klarskov Larsen, Kalundborg
 Master Builder Palle Larsen, Kalundborg
 Chief Editor Torben Dalby Larsen, Ringsted
 Chief Executive Officer Rikke Lehmann Lundsberg, Roskilde
 Electrical Contractor Erik Vang Larsen, Højby
 Contractor Jan Lorentzen, Sorø
 Executive Officer Ole Møsbæk, Holbæk
 Quality Manager Marie Bruun de Neergaard, Skævinge
 Chief of Programme Kirsten Hede Nielsen, København
 Electrical Contractor Leif Nielsen, Ringsted
 Farm Owner Ole Nielsen, Holbæk
 Retail Manager Brian Stanislaw Nielsen, Regstrup
 Executive Officer Eva Nielsen, Holbæk

State Authorised Public Accountant Kim Thomas Nielsen, Skælskør
 Head Teacher Jørgen Olsen, Store Fuglede
 General Practitioner Jacob Frimodt Olsen, Høng
 Master Carpenter Boye Pedersen, Holbæk
 Registered Accountant Roland Petersen, Vig
 Attorney-at-Law Klaus Rasmussen, Holbæk
 Executive Officer Jakob Schjøtt, Tølløse
 Master Carpenter Claus Sørensen, Holbæk
 HR Manager John Ziegler, Frederikssund
 Undertaker Heidi Ørskov, Holbæk

The Board of Directors

Executive Officer Thomas Kullegaard, Architect MAA, Holbæk, Chairman
 Executive Officer Jakob N. Andersson, Holbæk, Vice-Chairman
 Former Chief Executive Officer Bent Andersen, Århus
 Attorney-at-Law Otto Spliid, Odense
 Farm Owner Erik Larsen, Dalmore
 Chief Editor Torben Dalby Larsen, Ringsted

Board members selected by the employees:

Customer Advisor Helle Lindhof Bjørnøe, Holbæk
 Development Manager Per Olsen, Copenhagen K
 Manager Mads Wallin, Holmegaard

The Board of Directors has appointed the following committees:

Audit committee

Executive Officer Jakob N. Andersson, Holbæk, Chairman
 Executive Officer Thomas Kullegaard, Architect MAA, Holbæk
 Former Chief Executive Officer Bent Andersen, Aarhus
 Farm Owner Erik Larsen, Dalmore
 Chief Editor Torben Dalby Larsen, Ringsted

Risk Committee

Former Chief Executive Officer Bent Andersen, Aarhus, Chairman
 Executive Officer Thomas Kullegaard, Architect MAA, Holbæk
 Executive Officer Jakob N. Andersson, Holbæk
 Farm Owner Erik Larsen, Dalmore
 Development Manager Per Olsen, Copenhagen K

Nomination Committee

Executive Officer Jakob N. Andersson, Holbæk, Chairman
 Executive Officer Thomas Kullegaard, Architect MAA, Holbæk
 Former Chief Executive Officer Bent Andersen, Aarhus
 Customer Advisor Helle Lindhof Bjørnøe, Holbæk
 Manager Mads Wallin, Holmegaard

Remuneration Committee

Executive Officer Jakob N. Andersson, Holbæk, Chairman
 Executive Officer Thomas Kullegaard, Architect MAA, Holbæk
 Former Chief Executive Officer Bent Andersen, Aarhus
 Customer Advisor Helle Lindhof Bjørnøe, Holbæk
 Manager Mads Wallin, Holmegaard

Executive Board, staff functions, branches and corporate customer centres

Executive Board

Chief Executive Officer
Lars Petersson

Executive Officer of the Savings Bank
Bruno Riis-Nielsen

Executive Officer of the Savings Bank
Lars Bolding

Executive Officer of the Savings Bank
Jan Kolbye Jensen

Staff functions

CRO

Risk Manager Anette Hjort Hansen

Compliance

Compliance Officer Pia Møller Blæsbjerg

Risk Management

Risk Manager Anette Hjort Hansen

Management Secretariat

Development Manager Per Olsen
Executive secretary Annette Hallund

Properties and Service

Head of Properties and Service Kim Olsen

Development department

Development Manager Søren Kjærsgaard

Branch Service

Branch Service Manager Lisbeth Gottlieb

Wealth and Capital Markets

Wealth and Capital Markets Director
Steen V. Grøndahl

Anti-Money Laundering

AML Officer Susanne Bouman

IT

IT Manager Mette Rosenkilde Mathiasen

Data Protection Office

DPO Peter Schmidt

Head of IT Security

Morten M. Lond

HR

HR-Manager Bettina Theilgaard Krohn

Internal Audit

Chief Internal Auditor Thomas Sandal

Communication and Marketing

Sales and Marketing Manager Marianne Salling

Credit

Credit Manager Lars Mikkelsen

Private Customers and Sales

Private Customer Director Jan Klink Andersen

Products, and Terms

Product Manager Søren Fossing

Finance

Financial Manager Jan Justesen

Bolig og Inkasso

Bolig- og inkassochef Henrik Meisner Lindgren

Corporate customer centres and corporate customer divisions

Corporate customer area Sjælland:

Area Director – Corporate Customers
Michael Nielsen

Corporate customer centres Sjælland

Corporate Manager Lars Pedersen

Corporate customer division Hovedstaden,

Corporate Customer Director Mark Elmgreen

Corporate customer division Nordsjælland

Corporate Customer Director Henning Juhl Jessen

Corporate customer division Nord/Vest

Corporate Customer Director Allan Olsen

Corporate customer division Syd

Corporate Customer Director Anders Tange

Corporate customer division Øst

Corporate Customer Director Niels Wittendorff Ibsen

Corporate customer area

Area Director – Corporate Customers
Kim Thykjær

Corporate customer center Funen

Area Director – Corporate Customers
Kim Thykjær

District Centers (DC) and branches

North Funen Region

Manager - private Poul Henning Fløjborg

Langeskov, Branch Manager Peter Hassø Andersen

Middelfart, Branch Manager Vibeke Vinge Marxen

Nyborg, Branch Manager Peter Hassø Andersen

Odense (DC), Manager - private

Poul Henning Fløjborg

South Funen Region

Manager - private Lene Kragh

Assens, Branch Manager Brian Struwe Poulsen

Faaborg (DC), Manager - private Lene Kragh

Ringe, Branch Manager Brian Berggren Sørensen

Svendborg, Branch Manager Brian Berggren Sørensen

Copenhagen Region

Manager - private Jannik Hindsbo

Dragør, Branch Manager Lennarth Fynboe

Frederiksberg, Branch Manager Elisabeth Grandt

Islands Brygge (DC), Branch Manager Line Simoni

Østerbro, Branch Manager Morten Rosengaard

North Zealand Region

Corporate Customer Director

Henning Juhl Jessen (acting)

Frederikssund, Branch Manager Kenneth Neergaard

Frederiksværk, Branch Manager Irene Nielsen

Helsingør, Branch Manager Stinus Bell

Helsingør, Branch Manager Thomas Guldbæk

Hillerød (DC), Corporate Customer Director Henning Juhl Jessen (acting)

Hundested, Branch Manager Irene Nielsen

North/West Region

Manager - private Allan Markussen

Asnæs, Branch Manager Flemming Andersen

Holbæk (DC), Manager - private Allan Markussen

Jyderup, Branch Manager Jens Varling

Kalundborg, Branch Manager Klaus Koksby Hansen

Nykøbing Sj., Branch Manager Flemming Andersen

Tølløse, Manager - private Allan Markussen

Vig, Branch Manager Flemming Andersen

Middle Region

Manager - private Mads Wallin

Dianalund, Branch Manager Mads Michael Jørgensen

Ringsted (DC), Manager - private Mads Wallin

Slagelse, Branch Manager Lars-Erik Madsen

Sorø, Branch Manager Mads Michael Jørgensen

Høng, Branch Manager Rikke Almgaard

Southern Region

Manager - private Claus Andersen

Faxe, Branch Manager Thomas Søbygaard

Haslev, Branch Manager Thomas Søbygaard

Næstved (DC), Manager - private Claus Andersen

Skælskør, Branch Manager Julia Heinecke

Eastern Region

Manager - private Nicholaj Dyrholm Frimann

Greve, Branch Manager Nanna Dalsgaard Dehn

Køge, Branch Manager Ole Mogensen

Roskilde (DC), Manager - private

Nicholaj Dyrholm Frimann

Digital Savings Bank

Manager Lisette Juul Jensen

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

