

SPAREKASSEN SJÆLLAND-FYN

# H1 2022

## Interim Report



SPAREKASSEN SJÆLLAND-FYN



# H1 2022 highlights

## PROFIT BEFORE TAX

**DKK 213.3m**

Pre-tax profit provides returns on the opening equity at a rate equivalent to 11.2% a year.

## NET PROFIT

**DKK 170.1m**

Net profit provides returns on the opening equity at a rate equivalent to 9.0% a year.

## NET INTEREST INCOME

**Up 6%**

Net interest income is up by DKK 19.2m and totals DKK 314.8m. Adjusted for non-recurring matters, the increase is DKK 3.3m.

## FEE AND COMMISSION INCOME

**Up 4%**

Fee and commission income is up by DKK 13.4m and totals DKK 335.6m.

## LEVEL OF COSTS

**Up 8%**

Staff costs and administrative expenses and amortisation, depreciation and impairment losses on assets stand at DKK 406.0m. Adjusted for non-recurring matters, they have increased by 2%.

## CORE EARNINGS

**Up 5%**

Recent years' developments continued in H1 2022.

## NEGATIVE MARKET VALUE ADJUSTMENTS

**DKK 95.6m**

Soaring interest rates on mortgage credit bonds are the primary cause of developments.

## IMPAIRMENT LOSSES ON LOANS AND ADVANCES ETC

**Reversal of DKK 35.5m**

The stable development in the credit quality of Sparekassen's customers has continued. Management add-ons total DKK 227.4m at 30 June 2022.

## TOTAL CREDITS ARRANGED

**Up 3%**

Since year-end 2021, loans to corporate customers have increased by 8%.

## CAPITAL RATIO

**23.0%**

The capital ratio includes current profits. Sparekassen's capital position continues to develop satisfactorily.

## LAUNCHING OF THE STRATEGY "TOWARDS NEW GOALS"

**In April 2022**

As stated in company announcement no 8/2022 of 27 April 2022, Sparekassen has presented its new strategy and financial targets for the next strategy period.

## RATE OF COST

**61.2%**

According to the "Towards New Goals" strategy, the rate of cost is to be reduced continuously to below 50% no later than from the financial year 2026.

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

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

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# Management commentary

Sparekassen's pre-tax profit for H1 2022 totals DKK 213.3m, providing a 11.2% return on opening equity. This profit reflects both a continued positive development in Sparekassen's core earnings, which are up 5% on H1 2021, and negative market value adjustments primarily related to the significant price decreases in Danish mortgage credit bonds.

## Continued improvement of core earnings

Recent years' satisfactory development in core earnings has continued, and in H1 2022 Sparekassen has seen a DKK 13.4m increase in, for example, fee and commission income to stand at a total of DKK 335.6m. The high level of activity in the housing market in recent years and increased activity particularly in the corporate segment are among the drivers of this development. Total credits arranged by Sparekassen – in the form of mortgage loans arranged to Totalkredit to buy housing and to DLR Kredit to buy commercial properties – have thus increased by DKK 1.9bn, or 4%, over the past 12 months.

Even though we are seeing a slowdown in the housing market because of the soaring interest rates on mortgage loans, among other factors, many of Sparekassen's customers are deciding to refinance their mortgage loans due to the massive interest rate movements. Also, asset management earnings are growing positively, and earnings overall have been affected positively by increasing income from Sparekassen's

services because of new customers, increased customer activity, etc.

Loans and advances in Sparekassen's own books are also developing positively, and corporate loan products in particular are performing well with an 8% increase since the end of 2021.

Finally, performance for H1 2022 should be viewed in the light of total value adjustments of a negative DKK 95.6m having been realised compared to DKK 8.4m for H1 2021. The primary reason for this is the soaring interest rate level on mortgage credit bonds.

## Costs marked by non-recurring expenses

In the short run, for example, Sparekassen's new strategy – "Towards New Goals" – has left its mark on total costs incurred in H1 2022. Sparekassen has thus incurred some non-recurring expenses related to the strategy launch etc and has – quite extraordinarily – decided to thank Sparekassen's employees for their huge contribution in the continued consolidation of Sparekassen by paying them a one-off amount. Furthermore, IT, heating and electricity

expenses have increased in the first six months because of a general rise in prices.

Overall, staff costs and administrative expenses and amortisation, depreciation and impairment losses on assets stand at DKK 406.0m. Adjusted for non-recurring matters, the level of costs has increased by 2%. We expect the rate of increase to go down in H2 2022.

## Uncertainty about the economic forecasts

Credit quality of Sparekassen's customers is still considered fine, for which reason DKK 35.5m has been reversed in H1 2022 from impairment losses for loans and advances etc. With DKK 227.4m, total management add-ons are maintained at a relatively high level because the economic forecasts remain uncertain; this includes the situation in Ukraine and the high rate of inflation which is currently at a level unseen for decades and something also affecting Sparekassen's customers.

However, we expect that Danmarks Nationalbank's recent interest rate increase and any

future interest rate changes will have the desired effect and reduce the rate of inflation. As a result of Danmarks Nationalbank's interest rate increase, Sparekassen has decided to discontinue negative deposit rates for private customers with a NewKonto account at Sparekassen effective from 1 September 2022. Deposit rates for corporate customers and private customers not having a NemKonto account at Sparekassen have been raised correspondingly, and lending rates have been increased as well. The increase in interest rate levels is expected to support a positive development in both interest income and net interest income in the long term.

## Towards New Goals

In H1 2022, Sparekassen started the execution of its ambitious four-year strategy – Towards New Goals – that is intended to ensure the continued development and consolidation of Sparekassen up to the end of 2025 when Sparekassen will be celebrating its 200th anniversary.

Sparekassen has therefore launched some internal strategic initiatives for the purpose of improving its commercial processes, its range of products and services, unlocking much more time for customer service, etc. For example, this goes for the corporate customer area where Sparekassen has the potential and as its goal to gain market shares. The strategic initiatives are intended to improve Sparekassen's competitive power, ensure increased efficiency, etc in order to boost the earnings capacity while lowering the total rate of cost to below 50%.

**Outlook for 2022**

In view of the first six months' strong core earnings and increasing interest rate level – yet bearing in mind the continued economic uncertainty because of the situation in Ukraine, the insecurity of supply and increasing inflation – the pre-tax earnings expectations range for the year has been adjusted from DKK 385-510m to DKK 425-510m.

**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	30.06 2022	30.06 2021	Index <sup>1</sup>	Year-end 2021
<b>Income statement items</b>				
Interest income calculated under the effective interest method	258	256	101	509
Other interest income	43	31	140	58
Negative interest income	13	12	108	26
Interest expenses	26	23	113	50
Positive interest expenses	53	44	121	91
<b>Net interest income</b>	<b>315</b>	<b>296</b>	<b>106</b>	<b>582</b>
Dividends on shares	26	18	145	18
Fees and commission income	336	322	104	635
Fees and commission expenses paid	8	9	90	17
<b>Net interest and fee income</b>	<b>669</b>	<b>628</b>	<b>107</b>	<b>1.218</b>
Translation and market value adjustments	-96	8	-	30
Other operating income	8	7	103	16
Staff costs and administrative expenses	391	358	109	723
Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	15	17	86	36
Other operating expenses	8	9	91	20
Impairment losses on loans and advances etc	-35	-34	105	-25
Investments in associates and group enterprises	11	9	121	22
<b>Profit for the year before tax</b>	<b>213</b>	<b>302</b>	<b>71</b>	<b>531</b>
Income tax	43	49	89	87
<b>Profit for the year after tax</b>	<b>170</b>	<b>253</b>	<b>67</b>	<b>444</b>
<b>Profit allocated to shareholders</b>	<b>158</b>	<b>241</b>	<b>66</b>	<b>419</b>

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

Amounts in DKK'm	30.06 2022	30.06 2021	Index <sup>1</sup>	Year-end 2021
<b>Balance sheet items</b>				
Loans and advances etc	12,277	12,194	101	12,067
Deposits	20,300	20,296	100	19,766
Deposits in pooled plans	2,047	2,248	91	2,405
Total deposits	22,347	22,544	99	22,171
Subordinated loan capital	621	570	109	670
Equity	3,842	3,616	106	3,796
Balance sheet total	28,391	28,427	100	28,001
Capital resources	3,808	3,578	106	3,973
Guarantees	7,126	8,141	88	7,240
Total credits arranged	60,589	58,576	103	59,686
Custody accounts	13,159	13,710	96	15,077

## Developments in Sparekassen's business areas

Loans and advances etc	12,277	12,194	101	12,067
Totalkredit	35,635	34,002	105	34,980
DLR	12,677	12,380	102	12,639
Guarantees (exclusive of loss guarantees for mortgage loans)	4,394	5,241	84	4,319
Deposits	20,300	20,296	100	19,766
Deposits in pooled plans	2,047	2,248	91	2,405
Custody accounts	13,159	13,710	96	15,077
<b>Total</b>	<b>100,489</b>	<b>100,071</b>	<b>100</b>	<b>101,253</b>
Average headcount (full-time employees on average)	544	545	100	548
Per employee	185	184	101	185

<sup>1</sup> Index: 30.06.2022 relative to 30.06.2021.

# Financial ratios

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

	30.06 2022	30.06 2021	Index <sup>1</sup>	Year-end 2021
<b>Financial ratios</b>				
Capital ratio <sup>2</sup>	22.4	20.1	111	23.3
Core capital ratio <sup>2</sup>	18.7	16.9	111	19.7
Common equity Tier 1 capital <sup>2</sup>	16.5	14.8	111	17.5
Excess capital adequacy in percentage points <sup>2</sup>	11.9	10.4	114	13.5
Return on equity before tax (for the period)	5.6	8.6	65	14.8
Return on equity after tax (for the period)	4.5	7.2	63	12.4
Income/cost ratio DKK	1.56	1.86	84	1.70
Rate of cost	61.2	60.6	101	63.1
Interest rate risk relative to core capital net of deductions	0.9	0.3	300	0.2
Currency position relative to core capital net of deductions	1.3	1.7	76	0.7
Currency risk relative to core capital net of deductions	0.0	0.0	-	0.0
Loans and advances relative to equity	3.2	3.4	94	3.2
Loans and advances plus loan impairment losses relative to deposits	57.3	56.4	102	56.9
Growth in loans and advances for the for the period	1.7	2.0	-	1.0
Impairment ratio for the for the period	-0.2	-0.1	200	-0.1
Accumulated impairment ratio	2.9	2.9	100	3.1
Zero interest loans and advances relative to total loans and advances	0.1	0.2	50	0.2
Liquidity benchmark	488	503	97	523
Liquidity LCR	499	462	108	501
Total large exposures	79.0	83.5	95	68.6
Return on invested capital	0.6	0.9	67	1.6
Earnings per share (DKK) <sup>3</sup>	9.1	14.0	65	24.3
Dividend per share (DKK)	0.0	0.0	-	6.0
Book value per share (DKK)	199.8	187.7	106	198.1
Price/earnings per share <sup>3</sup>	16.1	10.8	149	6.8
Price/equity per share <sup>4</sup>	0.7	0.8	88	0.8
Price at year-end (DKK)	147.5	151.0	98	165.0
Average headcount (full-time employees on average) <sup>5</sup>	544	545	100	548
Average headcount (converted into full-time employees at year-end) <sup>5</sup>	542	545	99	545

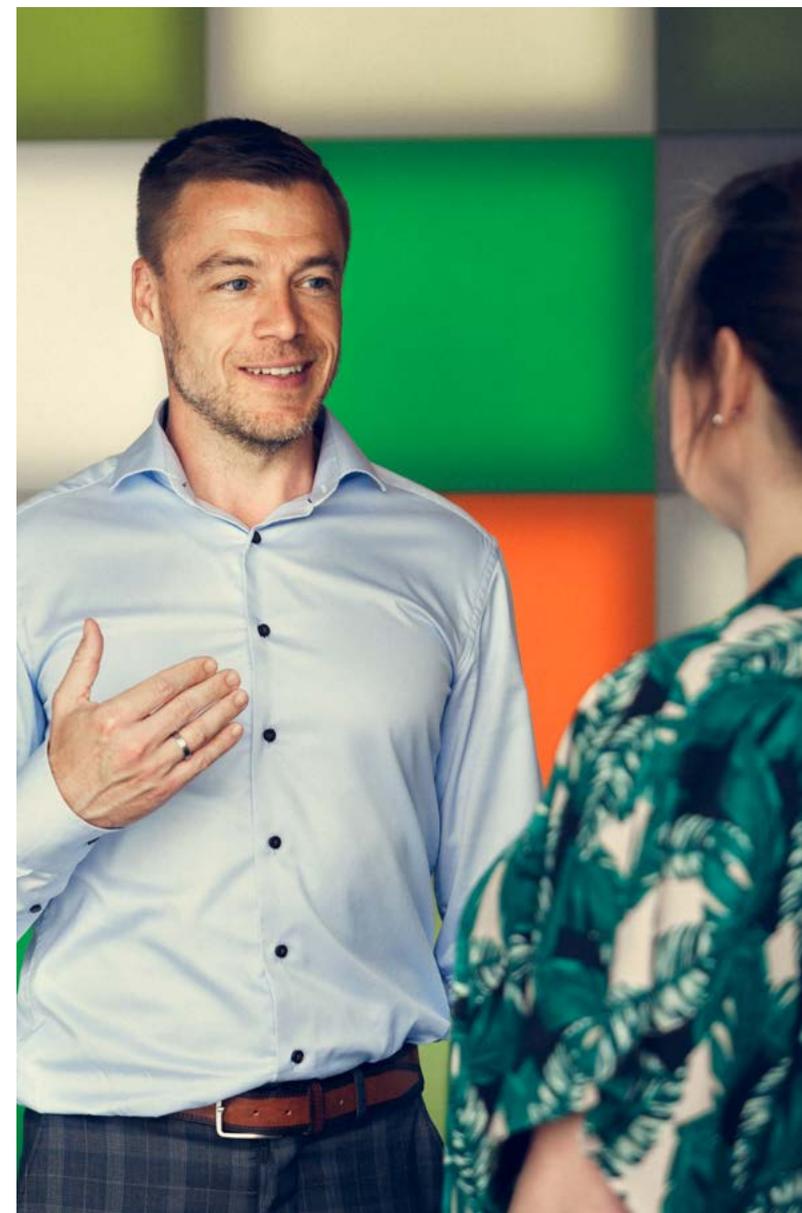
1 Index: 30.06.2022 relative to 30.06.2021.

2 30.06.2022 and 30.06.2021 have been calculated exclusive of profit for the period. If the profit for the period after tax is reduced with the dividend policy's target was included in the capital base, the capital ratio, core capital ratio, actual core capital ratio, and capital transfer would be 0.7 pct. points higher. (30.06.2021: capital ratio, core capital ratio, actual core capital ratio, and capital transfer 1.1 pct. points higher).

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

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

5 Engaged in financial business.

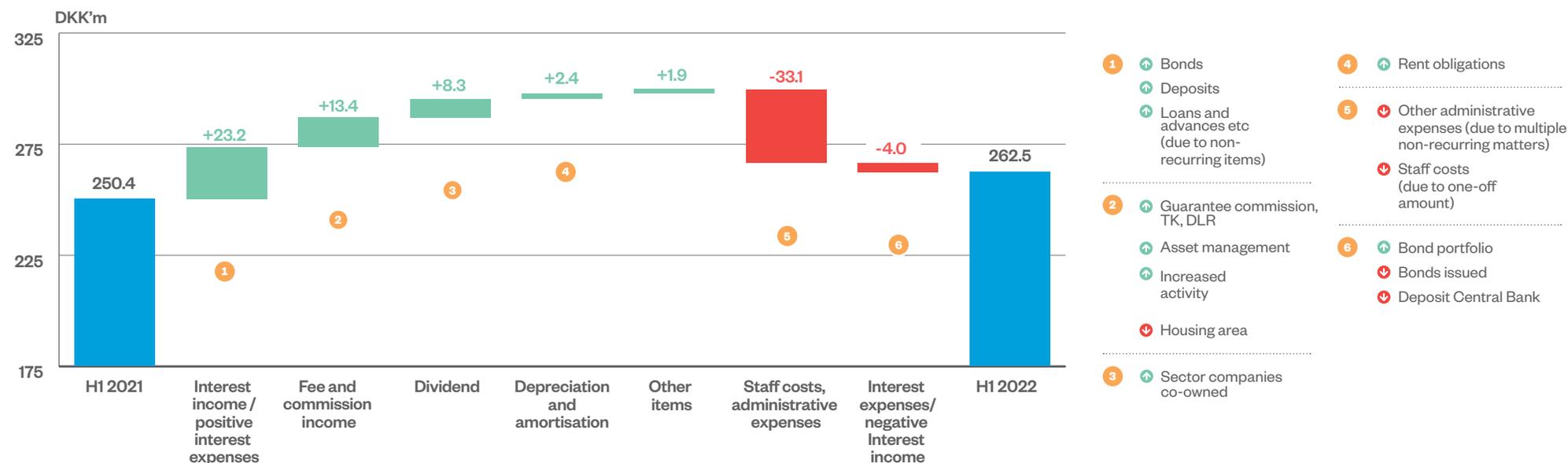


# Core earnings

Sparekassen Sjælland-Fyn A/S (Group)

Amounts in DKK'm	YTD 2022	Q2 2022	Q1 2022	YTD 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021	ÅTD 2020	Q4 2020	Q3 2020	Q2 2020	Q1 2020
<b>Core earnings</b>													
Net interest income	314.8	168.7	146.1	581.6	142.6	143.4	149.6	146.0	556.9	145.1	141.1	132.4	138.2
Dividends on shares	26.5	21.4	5.1	18.5	0.3	0	15.8	2.4	29.0	0	0	17.0	12.0
Fees and commission income	335.6	158.4	177.2	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	7.7	3.8	3.9	17.1	4.3	4.3	4.0	4.5	16.1	4.6	3.9	3.6	4.0
Other operating income	7.6	4.7	2.9	15.6	4.1	4.2	3.9	3.5	20.7	7.3	4.2	4.1	5.2
Other operating expenses	8.3	3.9	4.4	19.7	6.2	4.3	6.5	2.7	23.3	9.0	3.8	5.0	5.6
<b>Core income</b>	<b>668.5</b>	<b>345.5</b>	<b>323.0</b>	<b>1,213.5</b>	<b>292.7</b>	<b>295.2</b>	<b>314.8</b>	<b>311.0</b>	<b>1,146.7</b>	<b>281.2</b>	<b>274.4</b>	<b>279.8</b>	<b>311.2</b>
Staff costs and administrative expenses	391.0	204.1	186.9	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	15.0	7.7	7.3	35.7	7	11.4	8.2	9.2	66.0	25.6	15.8	12.9	11.7
<b>Core earnings</b>	<b>262.5</b>	<b>133.7</b>	<b>128.8</b>	<b>454.7</b>	<b>96.9</b>	<b>107.5</b>	<b>121.7</b>	<b>128.7</b>	<b>351.6</b>	<b>59.7</b>	<b>81.7</b>	<b>88.9</b>	<b>121.2</b>

## 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 four specific areas that credit institutions must comply with.

## The four benchmarks and the current calculations are:

Benchmark	Threshold	Group at 30.06.2022	Group at 30.06.2021
<b>The total of large exposures</b> as a percentage of common equity tier 1 capital	<b>&lt;175 %</b>	<b>79.0 %</b>	<b>83.5 %</b>
<b>Loan growth per annum</b>	<b>&lt;20 %</b>	<b>0.7 %</b>	<b>3.3 %</b>
<b>Property exposure of loans</b> advances and guarantees	<b>&lt;25 %</b>	<b>10.8 %</b>	<b>10.9 %</b>
<b>Liquidity benchmark</b>	<b>&gt;100 %</b>	<b>488.1 %</b>	<b>503.3 %</b>

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

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

# Financial review of the Group

## H1 2022

Pre-tax profit stands at DKK 213.3m. This profit is marked by a continued positive development in core operations as core earnings are up 5% on H1 2021. The development in core earnings is driven by increasing net fee and commission income, increasing staff costs and administrative expenses, and declining amortisation, depreciation and impairment losses on assets. The period is affected by major non-recurring items such as interest income of DKK 15.9m and non-recurring remuneration, strategy launching etc of DKK 22.7m.

So, core earnings total DKK 262.5m in H1 2022 against DKK 250.4m in H1 2021.

Overall, market value adjustments have developed adversely by DKK 95.6m in the first six months of the year, which is attributable to relatively heavy declines in the prices of Danish mortgage credit bonds that a large share of Sparekassen's surplus liquidity has been placed in.

As a consequence of Sparekassen having had considerable surplus liquidity for many years, general uncertainty in the financial markets because of first COVID-19 and now the situation in Ukraine, to mention a few circumstances, Sparekassen's Management has decided to change its approach to the administration of some of the surplus liquidity. Effective from the beginning of Q2 2022, Sparekassen is administering portions of the bond portfolio in such

manner that focus will be on collecting contractual cash flows from bonds at amortised cost/held to maturity and from sales and bonds at fair value through other comprehensive income. As a rule, these positions are not held for trading but held to support core banking operations in a more long-term perspective.

Impairment charges continue to develop positively and represent a reversal totalling DKK 35.5m.

Net profit stands at DKK 170.1m, equivalent to an annual return on opening equity of 9.0%. In view of the continued positive development in core earnings and of the extraordinary circumstances related to the movements in prices of Danish mortgage credit bonds, the profit is considered satisfactory.

## Income statement

### Net interest income

Net interest income has increased by DKK 19.2m and amounts to DKK 314.8m against DKK 295.6m in H1 2021.

Total interest income has seen an increase of DKK 14.2m and amounts to DKK 301.4m. Interest income from loans and advances is up DKK 2.2m. Overall, this line item is affected by non-recurring items of DKK 15.9m, a slight decline in average lending, and a decrease in the average lending rate. Interest income from loans and advances stands at DKK 257.5m for H1 2022 against DKK 255.3m for the same peri-

od last year. The development in the balance of loans and advances should be compared with Sparekassen's arrangement of mortgage loans for both private customers and corporate customers. Mortgage loans arranged through DLR Kredit and Totalkredit have thus risen by DKK 1.9bn, or 4%, over the last 12 months. Interest income from bonds has increased by DKK 8.2m, which has been caused by a higher average flat yield on Sparekassen's bond portfolio. Interest income from derivatives has increased by DKK 4.3m to stand at DKK 20.4m, and other interest income amounts to DKK 0.1m against DKK 0.6m in H1 2021. Sparekassen is currently experiencing fine lending activity in the corporate segment, and this is expected to continue in the rest of 2022. Expectedly, this, along with the rising interest rate levels, will support a continuously positive development in both interest income and net interest income in the long term.

Negative interest income totals DKK 13.2m against DKK 12.2m for the same period last year. The negative interest income in H1 2022 is primarily attributable to Sparekassen's placement of surplus liquidity on the current account with Danmarks Nationalbank. 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 3.0m to DKK 26.2m, which is primarily attributable to an increase in interest expenses for bonds issued (senior non-preferred bonds) of DKK 1.9m. These new bond issues are a result of the tightened capital adequacy requirements on eligible liabilities (MREL requirement). Moreover, interest expenses for deposits are up by DKK 0.6m and interest expenses for subordinated capital by DKK 0.3m.

Positive interest expenses have increased by DKK 9.0m on the same period last year and totals DKK 52.8m. Concurrently with recent years' continuously low and negative interest rate levels, Sparekassen adjusted its interest rate level for deposit products, which is the primary reason for the development.

Effective from 22 July 2022, Danmarks Nationalbank has raised the interest rate on the current account by 0.50 percentage points to a negative 0.10%. As a consequence, Sparekassen has opted to generally increase interest rates for both deposits and loans and advances by 0.50 percentage points. However, for private customers having a NemKonto account at Sparekassen the interest rate is raised to 0% on ordinary demand deposit accounts. Positive interest expenses will of course be adversely affected by this change in interest rate. Overall, however, the increase in interest rate levels is expected to support a positive development in both interest income and net interest income in the long term.

**Dividends on shares**

Sparekassen has received DKK 26.5m in dividends in H1 2022 against DKK 18.2m in H1 2021. Overall, the vast majority of dividends received come from the sector companies co-owned by Sparekassen, for which reason the development is related to these companies.

**Fee and commission income**

Fee and commission income is up DKK 13.4m, or 4%, totalling DKK 335.6m against DKK 322.2m in H1 2021.

The increase is primarily attributable to guarantee commissions which have gone up by DKK 10.0m on the same period last year. Recent years' massive trading activity in the housing market and the consequent increase in prices have been contributing factors in the mortgage loans arranged by Sparekassen through DLR Kredit and Totalkredit continuously reaching new record highs. Over the last 12 months, the mortgage loans arranged have thus gone up by DKK 1.9bn, or 4%. However, in 2022, trading activity and price rises in the property market have slowed down, which is basically considered a natural development in view of the rising interest rates on mortgage loans. Sparekassen's funding of house transactions is therefore not quite on a par with last year, which is reflected by the declining level of loan application fees. On the other hand, many existing loans are currently being refinanced because of the considerable interest rate movements on mortgage credit bonds. Recent years' development in mortgage loans arranged is most positive because it does not just strengthen the income base in the short term but also in the long term in the form of an increase in commission income.

Sparekassen is generally experiencing reasonable business activity from both new and existing customers in the corporate customer segment and the private customer segment. The business activity is reflected particularly in generally increasing income from the wide range of services offered by Sparekassen to corporate and private customers and increasing income from managing customers' custody account funds.

**Translation and market value adjustments**

Translation and market value adjustments amount to a negative DKK 95.6m against a positive DKK 8.4m at the same date in 2021. The financial markets have been marked by heavily increasing interest rates on Danish mortgage credit bonds. Although Sparekassen has generally adopted a relatively conservative approach to our placement of surplus liquidity, the extraordinary developments in the Danish bond market have resulted in a negative market value adjustment of bonds of DKK 98.9m in H1 2022 against one of DKK 24.5m at the same time last year. Effective from the beginning of Q2 2022, Sparekassen has adopted a different approach to the administration of some portions of the bond portfolio; refer to the "Bonds" section on page 12 for a more detailed description. Market value adjustments of shares stand at a negative DKK 2.9m against a positive DKK 30.9m at 30 June 2021.

Market value adjustments of shares primarily arise from Sparekassen's portfolio of sector shares and they are affected by a major payment of dividend. Also, in early 2021, Sparekassen disposed of a small block of listed shares and realised a capital gain.

Translation and market value adjustments of investment property, foreign currencies, and other financial instruments total DKK 6.2m against DKK 2.0m in H1 2021.

**Other operating income**

Other operating income roughly stands at an unchanged DKK 7.6m against DKK 7.4m for the same period last year. This line item is primarily composed of rent from the property portfolio of the subsidiary Ejendomsselskabet Sjælland-Fyn A/S.

**Staff costs and administrative expenses**

Staff costs and administrative expenses have gone up by DKK 33.1m and amount to DKK 391.0m. Overall, staff costs inclusive of remuneration for the Executive Board and the Board of Directors have gone up by a total of DKK 18.0m. Quite extraordinarily, Sparekassen has decided to give thanks to its employees for their great contribution in the continued consolidation of Sparekassen by paying them a one-off amount (the Executive Board has not received such amount). Adjusted for this one-off amount, the increase in total staff costs inclusive of remuneration for the Executive Board and the Board of Directors comes to DKK 4.1m, or close on 2%, that is primarily related to pay and pension adjustments arising from collective agreements.

Other administrative expenses have gone up by DKK 15.1m to DKK 140.7m. This line item is affected by multiple non-recurring matters and investments primarily resulting from Sparekassen's new strategy "Towards New Goals". Adjusted for non-recurring matters, the increase in other administrative expenses amounts to around DKK 6.3m, or 5%, which is

primarily attributable to increases in public relations expenses, IT costs, heating and electricity expenses, etc.

**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 15.0m, which is a decrease of DKK 2.4m compared to the same period last year. The decrease is attributable to amortisation and depreciation of various types of assets. The primary reason, however, for the decrease is recent years' adjustments of the branch structure and acquisition of owner-occupied properties.

In aggregate, staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment have gone up by 8% to stand at DKK 406.0m. Adjusted for the non-recurring items mentioned above, they have increased by 2%. The rate of increase in total costs is expected to go down in H2 2022.

**Impairment losses on loans and advances etc**

Overall, these impairment losses represent an income of DKK 35.5m compared to DKK 33.8m in H1 2021. Credit quality of Sparekassen's customers is still considered fine, and the losses recorded are still small in scale. Currently, it is Sparekassen's opinion that, overall, the finances of businesses and private households are strong. Despite a soaring price index, private households benefit from very high employment rates and recent years' positive business climate in the real estate market. The strong finances of Danish businesses and private

households are reflected, for example, in the low level of individual impairment losses.

However, the war in Ukraine, a supply crisis, rising raw material prices, high inflation, increasing interest rate levels, and the emerging slowdown in the housing market are factors and uncertainties that Sparekassen estimates may have an impact on certain customers' future ability to pay. Consequently, total management add-ons are maintained at a relatively high level at 30 June 2022 when they amount to DKK 227.4m against DKK 219.3m at 31 December 2021 and DKK 197.3m at 30 June 2021. Overall, management add-ons related to the COVID-19 pandemic have been heavily reduced whereas new add-ons have been made for corporate customers particularly exposed to supply crises and rising raw material prices. Add-ons for customers with a high loan-to-value ratio on properties have been increased as well.

In Sparekassen's view, the level of management add-ons reflects a conservative approach to the considerable uncertainty of financial developments that the quarters ahead are subject to and that the increased credit risk is hedged based on the best estimate possible.

In H1 2022, impairment losses include income of DKK 16.0m arising from amounts recovered on claims previously written off. This is less than in the same period last year, yet still a large amount.

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

Profit from investments in associates and group enterprises stands at DKK 10.9m for H1 2022 compared to DKK 9.0m for H1 2021. This line

item primarily relates to Sparekassen's stake in Lollands Bank and the continuous value adjustment to equity value thereof.

In addition, Sparekassen has a stake of over 20% in Nordfyns Bank. Because of Nordfyn Bank's restrictions on voting rights, Sparekassen has not obtained 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 period**

Pre-tax profit for the period amounts to DKK 213.3m against DKK 301.6m for H1 2021. Net profit amounts to DKK 170.1m against DKK 253.1m for H1 2021. An almost unchanged DKK 12.1m of the profit for the period is allocated to interest on hybrid core capital. So, the shareholders' share of profit for the period amounts to DKK 158.0m.

In view of the continued positive development in core earnings and of the extraordinary circumstances related to the movements in prices of Danish mortgage credit bonds, the profit is considered satisfactory.

#### **Subsequent events**

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

## **Balance sheet**

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

### **Assets**

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

Sparekassen has for some years held a massive deposit surplus, amounting to DKK 8.0bn, exclusive of deposits in pooled plans, at 30 June 2022. The primary placement channels for this type of liquidity are mortgage credit bonds and the current account. The DKK 2.1bn increase in this line item is therefore attributable to a larger deposit on Sparekassen's current account with Danmarks Nationalbank at 30 June 2022 than at the same date last year.

#### **Bonds**

The total bond portfolio stands at DKK 7.2bn compared to DKK 9.5bn at the same time last year. As a consequence of Sparekassen having had considerable surplus liquidity for many years, general uncertainty in the financial markets because of first COVID-19 and now the situation in Ukraine, to mention a few circumstances, Sparekassen's Management has decided to change its approach to the administration of some of the surplus liquidity. Effective from the beginning of Q2 2022, Sparekassen is administering portions of the bond portfolio in such manner that focus will be on collecting contractual cash flows from bonds at amortised cost/held to maturity and from sales and bonds at fair value through other comprehensive income. As a rule, these positions are not held for trading but held to support core banking operations in a more long-term perspective.

At 30 June 2022, bonds at fair value total DKK 3.8bn, of which bonds at fair value through profit or loss account for close on DKK 3.4bn and bonds at fair value through other comprehensive income for close on DKK 0.5bn. Please also refer to note 17 on page 42.

Since the beginning of April 2022, Sparekassen has acquired a number of bonds where the primary focus is on collecting contractual cash flows (held to maturity). The bonds in question will mature within a period of one to four years. These bonds are recognised in the line item "Bonds at amortised cost", which stands at DKK 3.4bn at 30 June 2022. Please refer to note 18 on page 45 for supplementary information. At 30 June 2021, the line item stood at DKK 1.3bn relating solely to a portfolio of treasury bills.

The changes in the line items "Bonds at fair value" and "Bonds at amortised cost" are therefore primarily attributable to Sparekassen's revised approach to the administration of the bond portfolio and to a larger current account deposit.

#### **Loans and advances**

The balance of loans and advances totals DKK 12.3bn at 30 June 2022, representing a small increase of approximately DKK 0.1bn on the balance at 30 June 2021. Overall, there has been a handsome increase in loans to corporate customers and a small decrease in loans to private customers. 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 in the financial review, mortgage loans arranged by Sparekassen have risen by DKK 1.9bn over the past 12 months, and total

**Total credits arranged**

	30.06.2022	2021	30.06.2021	2020	2019	2018
	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm	DKK'm
Loans and advances etc, Sparekassen	12,277	12,067	12,194	11,951	12,217	12,174
Totalkredit	35,635	34,980	34,002	32,331	29,811	27,229
DLR	12,677	12,639	12,380	11,794	10,250	9,001
<b>Total</b>	<b>60,589</b>	<b>59,686</b>	<b>58,576</b>	<b>56,076</b>	<b>52,278</b>	<b>48,404</b>

credits arranged in the form of loans and mortgage loans amount to DKK 60.6bn at 30 June 2022, representing an increase by over 3%.

**Shares**

The total portfolio of shares stands at DKK 853.7m compared to DKK 667.1m at the same time last year. This portfolio is to a large extent made up of shares in sector companies such as DLR Kredit, BI Holding and PRAS, which help support Sparekassen's business activities and earnings. Sparekassen also has a small portfolio of Danish listed shares and investment unit certificates and holds a major stake in Nordfyns Bank and Møns Bank. The increase in the total portfolio of shares is primarily related to current value adjustments and reallocation of shares in sector companies and to the acquisition of shares in Nordfyns Bank and Møns Bank.

**Investments in associates**

Investments in associates total DKK 245.7m and primarily arise from the acquisition of the block of shares accounting for over 20% of the share capital in Lollands Bank.

**Land and buildings**

Land and buildings total DKK 541.7m against DKK 439.5m at 30 June 2021. The decrease

primarily reflects the acquisition of owner-occupied property and investment property.

**Equity and liabilities****Deposits**

The deposits balance exclusive of deposits in pooled plans remains unchanged at DKK 20.3bn. Overall, there have been no material movements in either corporate customer deposits or private customer deposits.

**Deposits in pooled plans**

Deposits in pooled plans have decreased by 9% on the 30 June 2021 balance and amount to just over DKK 2.0bn. This line item is heavily affected by market value adjustments of assets in the underlying pools. In 2021, these adjustments were positive whereas in H1 2022 they were negative.

**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 620.7m against DKK 570.2m at the end of H1 2021. The increase reflects Sparekassen's December 2021 issuance of DKK 100.0m in subordinated capital and settlement of DKK 50.0m in subordinated capital in a first call in February 2022. 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 3,842.0m at the balance sheet date against DKK 3,616.4m at 30 June 2021. The increase in equity is broadly attributable to the profit for the period, reduced by other comprehensive income, dividend paid and interest paid on hybrid core capital.

**Financial review for Q2 2022**

Net interest income has gone up by DKK 19.1m to DKK 168.7m compared to the same period in 2021. This development has primarily been caused by an increase in interest income of DKK 8.0m and in positive interest expenses on deposits of DKK 4.4m. Also, interest income from loans and advances is positively affected by major non-recurring items of DKK 15.9m.

Fee and commission income is up 2% and can be calculated at DKK 158.4m against DKK 155.9m in Q2 2021. The increase has primarily been driven by guarantee commissions from mortgage funding arranged with Totalkredit and DLR Kredit.

Staff costs and administrative expenses and amortisation, depreciation and impairment losses on intangible assets and property, plant

and equipment have gone up by a total of 10% to DKK 211.8m. The total level of costs is heavily affected by non-recurring items such as payment of an extraordinary one-time amount to the employees and expenses related to the strategy launch. If adjusted for these items, the level of costs has fallen compared to the same quarter in 2021.

Core earnings in Q2 2022 amount to DKK 133.7m, constituting an increase of 10% on the same period last year.

Translation and market value adjustments are negative by DKK 59.8m, and in Q2 2021 they were negative by DKK 4.4m. This development is primarily attributable to declines in the prices of Sparekassen's portfolio of mortgage credit bonds due to soaring interest rates. Furthermore, there have been negative market value adjustments of shares that are attributable mainly to a major dividend payment from sector companies.

In Q2 2022, there has been a DKK 32.4m reversal of impairment losses on loans and advances etc as opposed to one of DKK 18.6m in Q2 2021. Credit quality of the customers generally remains fine.

Pre-tax profit for Q2 2022 then stands at DKK 112.5m against DKK 139.7m for Q2 2021. Net profit for the period amounts to DKK 87.8m against DKK 109.5m for the same period in 2021. Referring to the information above, the decline in profit for the quarter is a result of negative market value adjustments.

# Sparekassen's 2025 strategy

## Towards New Goals

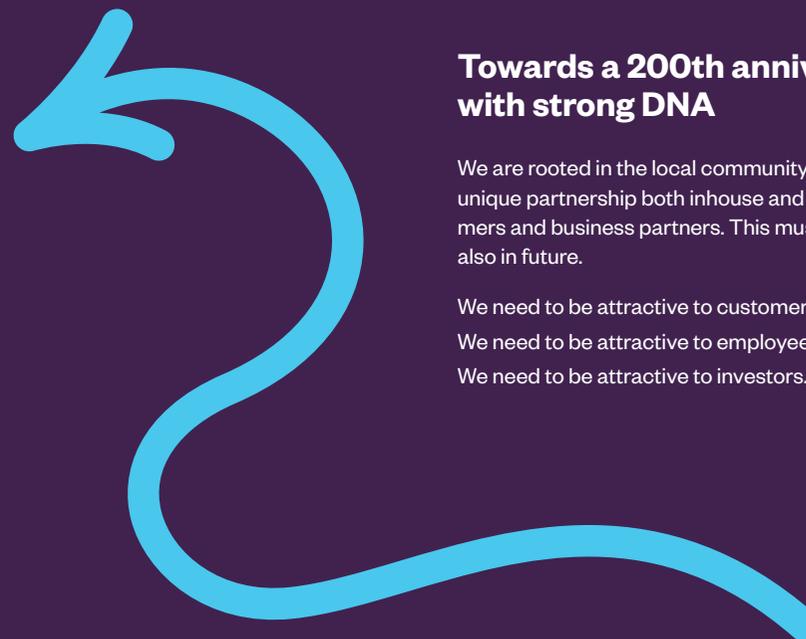


The purpose of Sparekassen is to help make Zealand and Funen a better place to live, work and operate.

Our vision is to be the market-leading regional and local alternative to the national banks on Zealand and Funen and the digital nationwide alternative to the large banks.

If we are to act out our purpose and vision, we need to be good at innovating and embracing the new conditions and opportunities of today also in future.

That is why we have in H1 2022 started the execution of our ambitious four-year strategy – Towards New Goals – that is intended to ensure the continued development and consolidation of Sparekassen up to the end of 2025 when we will be celebrating our 200th anniversary.



### **Towards a 200th anniversary with strong DNA**

We are rooted in the local community and share a unique partnership both inhouse and with customers and business partners. This must remain so also in future.

We need to be attractive to customers.

We need to be attractive to employees.

We need to be attractive to investors.

## How to achieve our goals

"Towards New Goals" builds on eight paths which embrace the conditions of the external environment that we need to deal with and navigate if we want to strengthen Sparekassen.

Three paths are about internal processes like quality, efficiency and compliance. Four paths are about commercial initiatives like branding, products and services across the fields of private

customers, corporate customers and asset management. One path is about people and culture, straddling the other seven paths



### Our purpose must be known and recognised

Our purpose is to help make Zealand and Funen a better place to live, work and operate. The corporate social responsibility we accept must be sustainable, and we must make visible our purpose through a strong branding strategy.



### We must be the preferred bank for small and medium-sized enterprises

We must improve our position as a savings bank for corporate customers by having close customer relationships and the right service offerings so that we become the preferred bank for small and medium-sized enterprises and attract more corporate customers.



### We must strengthen the internal and external digital dialogue

We need to expand our digital toolbox to support our digital customer dialogue, create even better customer experiences, and attract customers from all over the country. At the same time, we need to improve our internal digital opportunities.



### We must develop and train to attract and retain more customers

We must strengthen our sales organisation, develop new value propositions for our customers, expand our service offerings through our digital savings bank, and improve our qualifications to match our customers' needs.



### We must optimise our systems and processes

We need to make it easier to service our customers while maintaining high quality. We will do this by means of new technology, insights, changes in interfaces, and by optimising procedures to make sure that we spend our time in the best way possible.



### We must use data to improve our business

We have access to huge amounts of data. We must bring these data more into play to better understand our customers and processes, follow up and make the right decisions so that we improve our business.



### We must support our customer-facing staff by making things more simple

Our back-office staff must develop effective and efficient methods and processes to support our customer-facing staff. For example, by improving the implementation and follow-up on laws and regulations so that our customer advisors can concentrate as much as possible on advising customers and generating more growth.



### We must be an attractive business to be an employee and a customer with

Our employees are our biggest asset. That is why we must strengthen and develop our corporate culture, improve professional and personal development, and safeguard the important balance between work life and personal life so that we can attract and retain talented employees.

## Initiatives launched in H1 2022



On 26 April 2022, we introduced our new strategy – Towards New Goals – to all of Sparekassen’s employees at an all-day event with focus on the shared goals up to 2025. This has created a common understanding of the new strategy and a common basis for the execution of the strategy.



We are investing in new value chains and strategic alliances to support our purpose as well as our business. For example, in H1 2022 we have invested in LetsGo, which is one of Denmark’s first and biggest shared car schemes, and in AquaGreen, which has developed new and groundbreaking technology to reduce the climate-impacting and polluting substances in sewage sludge.



We are investing in sustainable solutions that can help reduce Sparekassen’s environmental footprint. For example, in H1 2022 we have installed solar cell panels at Sparekassen’s headquarters and set up electric vehicle charging stations.



We have improved the way we are organised in the corporate customer area, which includes having five corporate customer divisions on Zealand.



## Financial targets

Together, the eight paths are intended to strengthen Sparekassen's competitive power and ensure higher efficiency to boost our earnings capacity and lower the total rate of cost, among other elements.

We have set five ambitious financial targets up to the end of 2025 that we must meet:

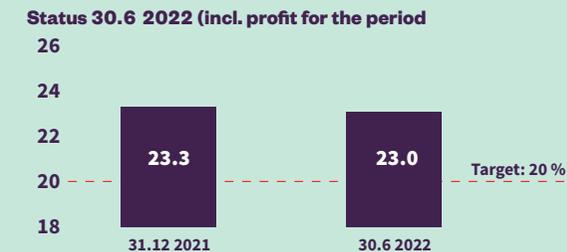
### Increased efficiency

Our rate of cost must be reduced and be less than 50% no later than from the financial year 2026. In 2021, the rate of cost was 63.1%. We need to eliminate 90,000 hours worked by means of optimisation exercises and similar measures.



### Solid foundation

Our capital ratio must be no less than 20%.



### Solid profitability

On average, our return on equity must exceed 10% a year net of tax up to the end of the financial year 2025.



### Solid and controlled growth

We must increase our total business volume by 4-8% a year.



### Attractive dividend

Our shareholders' cash dividend must be at least 25% of Sparekassen's profit. Another objective is to increase total distribution by means of share buy-backs.

# Capital structure and liquidity of the Group

## Capital structure

At 30 June 2022, capital resources are DKK 230m larger than at 30 June 2021 and amount to DKK 3,808m. The increase is primarily attributable to retained earnings and to the issuance of supplementary capital. A larger deduction because of a larger portfolio of sector shares and shareholdings in the financial sector contributes in the opposite direction.

### Capital (DKK'm)

	30.06. 2022	31.12. 2021	30.06. 2021
Common equity tier 1 capital	2,811	2,977	2,632
Core capital (including hybrid core capital)	3,187	3,353	3,008
Capital resources	3,808	3,973	3,578

Sparekassen's risk exposures total DKK 17,029m against DKK 17,763m at 30 June 2021, which is a decrease of DKK 734m. Credit risk has gone down by DKK 476m, resulting primarily from a decrease in exposures and the weighting thereof. This decrease includes an increase related to bonds at amortised cost of DKK 315m. Market risk has gone down by DKK 429m as a result of the new approach adopted for the administration of the bond portfolio, some of which is placed outside the trading portfolio at amortised cost. Operational risk has increased by DKK 171m.

### Risk exposures (DKK'm)

	30.06. 2022	31.12. 2021	30.06. 2021
Credit risk	14,124	14,148	14,600
Market risk	694	829	1,123
Operational risk	2,211	2,040	2,040
Total	17,029	17,017	17,763

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

Sparekassen's capital ratio is then 22.4% against 20.1% at 30 June 2021. The core capital ratio has gone up by 1.8 percentage points on the same date last year and stands at 18.7% whereas the common equity tier 1 capital ratio is up 1.7 percentage points to 16.5%.

### Capital ratios (%)

	30.06. 2022	31.12. 2021	30.06. 2021
Capital ratio	22.4	23.3	20.1
Core capital ratio (Including hybrid core capital)	18.7	19.7	16.9
Common equity tier 1 capital ratio	16.5	17.5	14.8

The capital requirement has been calculated at 10.5%, leading to an excess capital adequacy ratio of 11.9 percentage points. In Danish kroner, this excess is equivalent to DKK 2,021m.

The combined buffer requirement has been calculated at 2.5 percentage points after the countercyclical capital buffer has been reset.

This results in Sparekassen's excess capital adequacy ratio net of capital requirement and combined buffer requirement standing at 9.4 percentage points. In Danish kroner, this excess is equivalent to DKK 1,596m.

The increase in capital requirement is related to market risks. Interest risks on non-trading bonds are not included in total risk exposures (Pillar 1), for which reason capital has been allocated for this in the capital requirement (Pillar II). In addition, Sparekassen has allocated capital to cover the difference between the carrying amount of bonds at amortised cost and their fair value.

### Eligible liabilities

Financial sector regulation has implemented a requirement for financial institutions regarding the amount of on-balance sheet eligible liabilities (MREL requirement). The MREL requirement 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.

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

requirement is gradually phased in and will take full effect from 1 January 2024.

The total MREL requirement is calculated as the total amount of the capital requirement, the combined buffer requirement (the countercyclical buffer and the capital conservation buffer) and an MREL add-on. The MREL requirement 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 MREL capital.

In December 2021, Sparekassen received the MREL requirement based on the 2020 accounting figures, which are therefore currently applicable from 1 January 2024. At group level, the MREL requirement has been calculated at 16.3% (phased-in 13.6% at 31 January 2022). The requirement for the Parent is largely the same.

### Eligible liabilities (adjusted)

	Requirement (%)	DKK'm
Risk exposures		17,029
Total requirement (adjusted)	14.7	2,495
Capital resources	22.4	3,808
SNP loans	2.2	378
	24.6	4,186
Capital conservation buffer	-2.5	-426
Total eligible liabilities	22.1	3,760
MREL excess cover	7.4	1,265

Net of adjustment of the phased-in requirement using the latest figures, Sparekassen is at 30 June 2022 meeting the MREL requirement with a margin of 7.4 percentage points based on current capital resources and the MREL capital issued (senior non-preferred bonds). With the current capital resources and MREL capital, the fully phased-in MREL requirement is met with a margin of 5.3 percentage points. With Sparekassen's current and expected development in its capital resources, the phase-in established and the development in risk-weighted exposures, we do not expect to face any challenges in meeting the requirement for eligible liabilities in future either. Sparekassen intends to regularly evaluate the opportunities for optimising the composition of the capital and liability instruments that meet the MREL requirement.

#### 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) the 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 new strategy plan, "Towards New Goals", the long-term objective is to have a minimum capital ratio of 20.0%.

#### 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 the end of Q2 2022, Sparekassen has a deposit surplus of DKK 8.0bn exclusive of deposits in pooled plans. Its deposits are primarily made by private customers and small business operators. There are no large single deposits of major significance or 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)

The LCR is calculated as the eligible liquid assets net of a deduction (haircut) depending

on the asset type relative to the estimated net outflow which is calculated as the net amount of cash inflow and outflow over a 30-day period.

At 30 June 2022, Sparekassen's LCR is 499%

#### LCR (DKK'm)

	30.06. 2022	31.12. 2021	30.06. 2021
Total liquidity buffer	11.144	10.299	10.054
Net outflow	2.234	2.057	2.176
LCR %	499	501	462

against the applicable statutory requirement of a minimum LCR of 100%. So, the excess liquidity coverage ratio relative to the statutory requirement is 399 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

The liquidity benchmark of the Danish FSA Supervisory Diamond is a hybrid of the LCR calculation and reflects Sparekassen's ability to stand a three-month stress test. The benchmark is different from the LCR calculation in that liquidity is viewed over three time horizons – after 30 days, two months and three months. The result will be the lowest value calculated for the three time horizons. To calculate the LCR, a more lenient way to calculate the numerator is used and a partial projection of both cash inflow and cash outflow in the denominator. The

liquidity benchmark therefore covers a period following the LOR calculation date.

#### Liquidity benchmark (%)

	30.06. 2022	31.12. 2021	30.06. 2021
Liquidity benchmark	488	523	503

Sparekassen has a liquidity surplus that has been calculated at 488% 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 a 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.

#### NSFR (DKK'm)

	30.06. 2022	31.12. 2021	30.06. 2021
Required stable funding	11.834	11.696	12.331
Available stable funding	24.084	23.899	23.581
NSFR %	204	204	191

With a calculated NSFR of 204% at 30 June 2022, Sparekassen is in compliance with the new requirement with a healthy margin.

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



# Credit quality categories

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

	30.06.2022		2021		2020		2019		2018	
	DKK'm	%								
3 / 2a – Loans, advances and guarantees with normal credit quality	11,838	61.0	11,480	59.5	10,677	56.0	10,768	56.8	10,249	58.5
2b – Loans, advances and guarantees with certain indications of weakness	6,366	32.8	6,681	34.6	6,911	36.2	6,424	33.9	4,942	28.2
2c – Loans, advances and guarantees with substantial weaknesses	733	3.8	715	3.7	911	4.8	1,058	5.6	1,143	6.5
1 – Loans, advances and guarantees with objective evidence of impairment	465	2.4	431	2.2	578	3.0	704	3.7	1,197	6.8
<b>Total</b>	<b>19,402</b>	<b>100.0</b>	<b>19,307</b>	<b>100.0</b>	<b>19,077</b>	<b>100.0</b>	<b>18,954</b>	<b>100.0</b>	<b>17,531</b>	<b>100.0</b>

Loans, advances, and guarantee debtors by sector

	30.06.2022	2021	2020	2019	2018
	%	%	%	%	%
<b>Loans, advances, and guarantee debtors by sector</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.4</b>	<b>0.8</b>
<b>Business</b>					
Agriculture, hunting, forestry and fisheries	9.4	9.1	8.5	8.2	8.3
Industry and extraction of raw materials	2.8	2.4	2.3	2.1	2.0
Energy supply	0.1	0.2	0.2	0.1	0.0
Building and construction	6.4	5.9	6.0	5.3	5.0
Trade	6.2	5.4	4.8	5.8	5.8
Transport, hotels and restaurants	1.8	1.9	1.8	1.9	2.0
Information and communication	0.8	0.7	0.9	0.8	0.7
Financing and insurance	5.0	5.0	4.7	5.3	4.1
Real property	8.9	9.4	9.3	9.9	11.0
Other business	6.1	6.1	6.3	7.0	7.3
<b>Total business</b>	<b>47.5</b>	<b>46.0</b>	<b>44.8</b>	<b>46.3</b>	<b>46.3</b>
Private	52.4	53.9	55.1	53.3	52.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

# Financial review of the Parent

## H1 2022

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, Ejendomsselskabet Sjælland-Fyn A/S.

Pre-tax profit of the Parent stands at DKK 210.9m. This profit is still marked by a positive development in core earnings which are up 3% on H1 2021. The development in core earnings is primarily driven by increasing net fee and commission income and increasing staff costs and administrative expenses. The period is affected by major non-recurring items such as interest income of DKK 15.9m and non-recurring remuneration, strategy launching etc of DKK 22.7m.

So, core earnings (calculated as earnings before translation and market value adjustments, impairment charges and profit from investments) total DKK 246.2m in H1 2022 against DKK 239.0m in H1 2021.

Overall, market value adjustments have developed adversely by DKK 85.3m in the first six months of the year, which is attributable to relatively heavy declines in the prices of Danish

mortgage credit bonds that a large share of Sparekassen's surplus liquidity has been placed in.

Impairment charges continue to develop positively and represent a reversal totalling DKK 35.5m.

Net profit stands at DKK 170.1m, equivalent to an annual return on opening equity of 9.0%.

In view of the continued positive development in core earnings and of the extraordinary circumstances related to the movements in prices of Danish mortgage credit bonds, the profit is considered satisfactory.

## Income statement

### Net interest income

Net interest income has increased by DKK 16.4m and amounts to DKK 298.4m against DKK 281.9m in H1 2021.

Total interest income has seen an increase of DKK 12.0m and amounts to DKK 285.8m. Interest income from loans and advances remains unchanged at DKK 242.0m. Overall, this line item is affected by positive non-recurring items of DKK 15.9m, a slight decline in average lending, and a decrease in the average lending rate. Moreover, funding of the activities of the subsidiary Ejendomsselskabet Sjælland-Fyn has been moved to the subsidiary Investerings-

selskabet Sjælland-Fyn, which has an adverse effect on the Parent's interest income. Interest income from bonds has increased by DKK 8.2m, which has been caused by a higher average flat yield on Sparekassen's bond portfolio. Interest income from derivatives has increased by DKK 4.3m to stand at DKK 20.4m, and other interest income amounts to DKK 0m against DKK 0.5m in H1 2021. Sparekassen is currently experiencing fine lending activity in the corporate segment, and this is expected to continue in the rest of 2022. Expectedly, this, along with the rising interest rate levels, will support a continuously positive development in both interest income and net interest income in the long term.

Negative interest income totals DKK 13.2m against DKK 12.2m for the same period last year. The negative interest income in H1 2022 is primarily attributable to Sparekassen's placement of surplus liquidity on the current account with Danmarks Nationalbank.

Total interest expenses have gone up by DKK 3.3m to DKK 27.1m, which is primarily attributable to an increase in interest expenses for bonds issued (senior non-preferred bonds) of DKK 1.9m. These new bond issues are a result of the tightened capital adequacy requirements on eligible liabilities (MREL requirement). Moreover, interest expenses for deposits are up by DKK 0.6m and interest expenses for subordinated capital by DKK 0.3m.

Positive interest expenses have increased by DKK 8.8m on the same period last year and totals DKK 53.0m. Concurrently with recent years' continuously low and negative interest rate levels, Sparekassen adjusted its interest rate level for deposit products, which is the primary reason for the development.

Effective from 22 July 2022, Danmarks Nationalbank has raised the interest rate on the current account by 0.50 percentage points to a negative 0.10%. As a consequence, Sparekassen has opted to generally increase interest rates for both deposits and loans and advances by 0.50 percentage points. However, for private customers having a NemKonto account at Sparekassen the interest rate is raised to 0% on ordinary demand deposit accounts. Positive interest expenses will of course be adversely affected by this change in interest rate. Overall, however, the increase in interest rate levels is expected to support a positive development in both interest income and net interest income in the long term.

### Dividends on shares

Sparekassen has received DKK 26.4m in dividends in H1 2022 against DKK 18.2m in H1 2021. Overall, the vast majority of dividends received come from the sector companies co-owned by Sparekassen, for which reason the development is related to these companies.

**Fee and commission income**

Fee and commission income is up DKK 13.3m, or 4%, totalling DKK 336.5m against DKK 323.2m in H1 2021. The increase is primarily attributable to guarantee commissions which have gone up by DKK 10.0m on the same period last year. The level of mortgage loans arranged by Sparekassen through DLR Kredit and Totalkredit is regularly reaching new record highs. Over the last 12 months, the mortgage loans arranged have thus gone up by DKK 1.9bn, or 4%. Recent years' development in mortgage loans arranged is most positive because it does not just strengthen the income base in the short term but also in the long term in the form of an increase in commission income.

Sparekassen is generally experiencing reasonable business activity from both new and existing customers in the corporate customer segment and the private customer segment. The business activity is reflected particularly in generally increasing income from the wide range of services offered by Sparekassen to corporate and private customers and increasing income from managing customers' custody account funds.

**Translation and market value adjustments**

Translation and market value adjustments amount to a negative DKK 85.3m against a positive DKK 13.4m at the same date in 2021. The financial markets have been marked by heavily increasing interest rates on Danish mortgage credit bonds. Although Sparekassen has generally adopted a relatively conservative approach to our placement of surplus liquidity, the extraordinary developments in the Danish bond market have resulted in a negative market value adjustment of bonds of DKK 99.0m in H1 2022 against one of DKK 24.5m at the same time last

year. Effective from the beginning of Q2 2022, Sparekassen has adopted a different approach to the administration of some portions of the bond portfolio; refer to the "Bonds" section on page 12 for a more detailed description. Market value adjustments of shares stand at a negative DKK 2.9m against a positive DKK 30.9m at 30 June 2021. Market value adjustments of shares primarily arise from Sparekassen's portfolio of sector shares and they are affected by a major payment of dividend. Also, in early 2021, Sparekassen disposed of a small block of listed shares and realised a capital gain.

Translation and market value adjustments of investment property, foreign currencies, and other financial instruments total DKK 16.6m against DKK 7.0m in H1 2021.

**Staff costs and administrative expenses**

Staff costs and administrative expenses have gone up by DKK 35.0m and amount to DKK 383.4m. Overall, staff costs inclusive of remuneration for the Executive Board and the Board of Directors have gone up by a total of DKK 18.0m. Following a successful strategy period ("New Ways") from 2017 to 2021 when Sparekassen's earnings improved considerably, Management has decided to grant Sparekassen employees a one-off amount because of their dedicated effort during the strategy period. Adjusted for this one-off amount, the increase in total staff costs inclusive of remuneration for the Executive Board and the Board of Directors comes to DKK 4.1m, or close on 2%, that is primarily related to pay and pension adjustments arising from collective agreements.

Other administrative expenses have gone up by DKK 17.1m to DKK 133.3m. This line item is

affected by multiple non-recurring matters and investments primarily resulting from Sparekassen's new strategy "Towards New Goals". Adjusted for non-recurring matters, the increase in other administrative expenses amounts to around DKK 8.3m, which is primarily attributable to increases in public relations expenses, IT costs, heating and electricity expenses, etc.

The rate of increase in costs is expected to go down in H2 2022.

**Impairment losses on loans and advances etc**

Overall, these impairment losses represent an income of DKK 35.5m compared to DKK 31.7m in H1 2021. Credit quality of Sparekassen's customers is still considered fine, and the losses recorded are still small in scale. Management add-ons, however, are maintained at a relatively high level at 30 June 2022 when they stand at DKK 227.4m. Overall, management add-ons related to the COVID-19 pandemic have been heavily reduced whereas new add-ons have been made for corporate customers particularly exposed to supply crises and rising raw material prices. Add-ons for customers with a high loan-to-value ratio on properties have been increased as well.

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

Profit from investments in associates and group enterprises primarily arises from Sparekassen's stake in Lollands Bank and the continuous value adjustment thereof to equity value, and profits or losses of the subsidiaries Ejendomsselskabet Sjælland-Fyn and Investeringselskabet Sjælland-Fyn. The line item stands at DKK 14.4m against DKK 15.5m for the same period last year.

**Profit for the period**

Pre-tax profit for the period amounts to DKK 210.9m against DKK 299.6m for H1 2021. Net profit amounts to DKK 170.1m against DKK 253.1m for H1 2021.

# Interim financial statements

H1 2022

# Statement by Management on the Interim Report

The Board of Directors and the Executive Board have today considered and approved the Interim Report of Sparekassen Sjælland-Fyn A/S for the period 1 January to 30 June 2022.

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

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

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

financial position at 30 June 2022 and of their financial performance and the consolidated cash flows for the period 1 January to 30 June 2022.

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

of uncertainty that may affect the Group and Sparekassen.

The Interim Report has not been audited or reviewed.

Holbæk 11. august 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 Nørrekjær Andersson  
Vice-Chairman

Erik Larsen

Otto Frederik Spliid

Torben Dalby Larsen

Per Olsen

Helle Lindhof Bjørnøe

Mads Wallin

## Income statement

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

Note	Amounts in DKK'000	H1 2022	H1 2021	Q2 2022	Q2 2021
4	Interest income calculated using the effective interest method	257,953	256,222	137,504	129,503
4	Other interest income	43,473	31,018	23,928	12,691
4a	Negative interest income	13,234	12,215	6,587	3,367
5	Interest expenses	26,177	23,203	13,199	11,823
5a	Positive interest expenses	52,751	43,772	27,008	22,569
	<b>Net interest income</b>	<b>314,766</b>	<b>295,594</b>	<b>168,654</b>	<b>149,573</b>
	Dividends on shares etc	26,450	18,193	21,375	15,830
6	Fees and commission income	335,617	322,232	158,444	155,934
	Fees and commission expenses	7,671	8,519	3,751	4,026
	<b>Net interest and fee income</b>	<b>669,162</b>	<b>627,500</b>	<b>344,722</b>	<b>317,311</b>
7	Market value adjustments	-95,573	8,378	-59,840	-4,444
	Other operating income	7,623	7,429	4,681	3,936
8	Staff costs and administrative expenses	391,022	357,943	204,095	184,866
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	14,968	17,390	7,710	8,186
	Other operating expenses	8,307	9,160	3,944	6,491
9	Impairment losses on loans and advances etc	-35,458	-33,822	-32,425	-18,570
	Profit/loss on investments in associates and group enterprises	10,899	9,005	6,260	3,845
	<b>Profit before tax</b>	<b>213,272</b>	<b>301,641</b>	<b>112,499</b>	<b>139,675</b>
	Income tax	43,158	48,542	24,731	30,216
	<b>Profit after tax</b>	<b>170,114</b>	<b>253,099</b>	<b>87,768</b>	<b>109,459</b>
	<b>Earnings per share</b>				
	Earnings per share (DKK)	9.1	14.0	6.0	6.0
	Diluted earnings per share (DKK)	9.1	14.0	6.0	6.0
	<b>Distributed as follows:</b>				
	Retained earnings (profit allocated to shareholders)	157,975	240,936	81,664	103,331
	Interest, hybrid core capital	12,139	12,163	6,104	6,128
	<b>Total</b>	<b>170,114</b>	<b>253,099</b>	<b>87,768</b>	<b>109,459</b>

## Statement of comprehensive income

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

Note	Amounts in DKK'000	H1 2022	H1 2021	Q2 2022	Q2 2021
	<b>Profit for the period</b>	<b>170,114</b>	<b>253,099</b>	<b>87,768</b>	<b>109,459</b>
	<b>Other comprehensive income that may not be reclassified to profit or loss</b>				
	Fair value adjustment of properties	0	0	0	0
	Tax related to fair value adjustment of properties	2	2	1	1
	<b>Other comprehensive income that may be reclassified to profit or loss</b>				
	Value adjustment of certain strategic shares	-5,116	-1,034	-9,061	-3,478
	Value adjustment of bonds at fair value through other comprehensive income	-29,945	0	-29,945	0
	Fair value adjustment of financial instruments entered into to hedge future cash flows <sup>1</sup>				
	- Value adjustment for the year	1,835	241	796	77
	- Tax on other comprehensive income	6,184	175	6,413	749
	<b>Total other comprehensive income</b>	<b>-27,040</b>	<b>-616</b>	<b>-31,796</b>	<b>-2,651</b>
	<b>Total comprehensive income</b>	<b>143,074</b>	<b>252,483</b>	<b>55,972</b>	<b>106,808</b>

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

# Balance sheet

Sparekassen Sjælland-Fyn A/S (Group)				
Note	Amounts in DKK'000	30.06.2022	31.12.2021	30.06.2021
<b>Assets</b>				
	Cash and balances on demand at central banks	4,521,321	4,014,591	2,442,677
	Amounts owed by credit institutions and central banks	180,158	186,272	159,379
	Loans and other amounts owed at amortised cost	12,276,690	12,067,386	12,193,880
	Bonds at fair value	3,820,188	7,316,343	8,195,128
18	Bonds at amortised cost	3,364,211	0	1,301,880
	Shares etc	853,678	723,125	667,083
	Investments in associates	245,730	223,679	206,173
	Assets related to pooled plans	2,047,418	2,405,310	2,247,589
	Intangible assets	91,154	91,178	91,215
10	Total land and buildings	541,734	491,067	439,499
	<i>Investment property</i>	145,249	121,503	107,266
	<i>Owner-occupied property</i>	396,485	369,564	332,233
	Other property, plant and equipment	23,359	24,691	24,406
	Current tax assets	26,438	15,069	23,517
	Deferred tax assets	94,698	116,198	139,465
	Other assets	258,067	278,439	239,453
	Prepayments	46,496	47,405	56,155
	<b>Total assets</b>	<b>28,391,340</b>	<b>28,000,753</b>	<b>28,427,499</b>

Sparekassen Sjælland-Fyn A/S (Group)				
Note	Amounts in DKK'000	30.06.2022	31.12.2021	30.06.2021
<b>Equity and liabilities</b>				
<b>Liabilities other than provisions</b>				
	Amounts owed to credit institutions and central banks	708,250	577,773	850,462
	Deposits and other debt	20,299,748	19,765,959	20,296,173
	Deposits in pooled plans	2,047,418	2,405,310	2,247,589
	Bonds issued at amortised cost	378,147	377,810	377,474
	Other liabilities	369,061	269,660	317,509
	Deferred income	41,712	40,109	45,126
	<b>Total liabilities other than provisions</b>	<b>23,844,336</b>	<b>23,436,621</b>	<b>24,134,333</b>
<b>Provisions</b>				
	Provisions for losses on guarantees etc	66,056	77,290	85,290
	Other provisions	18,324	21,254	21,278
	<b>Total provisions</b>	<b>84,380</b>	<b>98,544</b>	<b>106,568</b>
11	<b>Subordinated loan capital</b>	<b>620,664</b>	<b>670,072</b>	<b>570,245</b>
<b>Equity</b>				
12	Share capital	173,750	173,750	173,750
	Revaluation reserves	1,417	1,415	1,413
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378
	Retained earnings	2,725,588	2,673,085	2,499,988
	<b>Total equity exclusive of hybrid core capital</b>	<b>3,462,133</b>	<b>3,409,628</b>	<b>3,236,528</b>
	Hybrid core capital	379,827	385,888	379,825
	<b>Total equity</b>	<b>3,841,960</b>	<b>3,795,516</b>	<b>3,616,353</b>
	<b>Total equity and liabilities</b>	<b>28,391,340</b>	<b>28,000,753</b>	<b>28,427,499</b>

15 Contingent liabilities and assets

# Statement of changes in equity

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

Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument <sup>1</sup>	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	<b>Equity at 1.1.2022</b>	<b>173,750</b>	<b>1,415</b>	<b>561,378</b>	<b>65</b>	<b>104,250</b>	<b>2,568,770</b>	<b>3,409,628</b>	<b>385,888</b>	<b>3,795,516</b>
	Profit for the period	0	0	0	0	0	157,975	157,975	12,139	170,114
	<b>Other comprehensive income that may not be reclassified to profit or loss</b>									
	Tax related to fair value adjustment of properties	0	2	0	0	0	0	2	0	2
	<b>Other comprehensive income that may be reclassified to profit or loss</b>									
	Value adjustments of certain strategic shares	0	0	0	0	0	-5,116	-5,116	0	-5,116
	Value adjustment of bonds at fair value through other comprehensive income	0	0	0	0	0	-29,945	-29,945	0	-29,945
	Fair value adjustment of financial instruments entered into to hedge future cash flows, Value adjustment for the period	0	0	0	1,835	0	0	1,835	0	1,835
	Tax on other comprehensive income	0	0	0	-404	0	6,588	6,184	0	6,184
	<b>Total other comprehensive income</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>1,431</b>	<b>0</b>	<b>-28,473</b>	<b>-27,040</b>	<b>0</b>	<b>-27,040</b>
	<b>Comprehensive income for the period</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>1,431</b>	<b>0</b>	<b>129,502</b>	<b>130,935</b>	<b>12,139</b>	<b>143,074</b>
	Purchase of treasury shares	0	0	0	0	0	-9,281	-9,281	0	-9,281
	Sale of treasury shares	0	0	0	0	0	34,939	34,939	0	34,939
	Dividends paid	0	0	0	0	-104,250	162	-104,088	0	-104,088
	Interest paid on hybrid core capital	0	0	0	0	0	0	0	-18,200	-18,200
	<b>Equity at 30.06.2022</b>	<b>173,750</b>	<b>1,417</b>	<b>561,378</b>	<b>1,496</b>	<b>0</b>	<b>2,724,092</b>	<b>3,462,133</b>	<b>379,827</b>	<b>3,841,960</b>

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

# Statement of changes in equity

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

Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument <sup>1</sup>	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	<b>Equity at 1.1.2022</b>	<b>173,750</b>	<b>1,411</b>	<b>561,378</b>	<b>-247</b>	<b>0</b>	<b>2,259,917</b>	<b>2,996,209</b>	<b>385,862</b>	<b>3,382,071</b>
	Profit for the period	0	0	0	0	0	240,936	240,936	12,163	253,099
	<b>Other comprehensive income that may not be reclassified to profit or loss</b>									
	Tax related to fair value adjustment of properties	0	2	0	0	0	0	2	0	2
	<b>Other comprehensive income that may be reclassified to profit or loss</b>									
	Value adjustments of certain strategic shares	0	0	0	0	0	-1,034	-1,034	0	-1,034
	Fair value adjustment of financial instruments entered into to hedge future cash flows: Value adjustment for the period	0	0	0	241	0	0	241	0	241
	Tax on other comprehensive income	0	0	0	-53	0	228	175	0	175
	<b>Total other comprehensive income</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>188</b>	<b>0</b>	<b>-806</b>	<b>-616</b>	<b>0</b>	<b>-616</b>
	<b>Comprehensive income for the period</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>188</b>	<b>0</b>	<b>240,130</b>	<b>240,320</b>	<b>12,163</b>	<b>252,483</b>
	Purchase of treasury shares	0	0	0	0	0	0	0	0	0
	Sale of treasury shares	0	0	0	0	0	0	0	0	0
	Dividends paid	0	0	0	0	0	0	0	0	0
	Interest paid on hybrid core capital	0	0	0	0	0	0	0	-18,200	-18,200
	<b>Equity at 30.06.2021</b>	<b>173,750</b>	<b>1,413</b>	<b>561,378</b>	<b>-59</b>	<b>0</b>	<b>2,500,047</b>	<b>3,236,528</b>	<b>379,825</b>	<b>3,616,353</b>

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

# Cash flow statement

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

Note	Amounts in DKK'000	H1 2022	H1 2021
	<b>Comprehensive income for the period</b>	<b>170,114</b>	<b>253,099</b>
	<b>Adjustment for amounts without cash flow effect</b>		
	Market value adjustment, shares	2,895	-30,890
	Market value adjustment, bonds	98,927	24,475
	Impairment losses on loans and advances etc	-35,458	-33,822
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	13,839	17,390
	Prepayments (net)	-763	397
	Provisions	-14,164	-10,866
	Value adjustments of investment property	8,439	9,257
	Deferred income tax	43,158	48,542
	<b>Adjustment for amounts with cash flow effect</b>		
	Income tax paid	-26,438	-31,451
	<b>Cash flows from ordinary operating activities</b>	<b>260,549</b>	<b>246,131</b>
	<b>Working capital changes</b>		
	Credit institutions	130,477	292,079
	Loans and advances adjusted for impairment losses etc for the period	-173,083	-209,008
	Other assets and liabilities (net)	116,355	-4,319
	Shares etc	-138,564	-70,281
	Bonds at fair value	3,367,283	-2,370,223
	Bonds at amortised cost	-3,364,211	-1,001,610
	Deposits and other debt	533,789	295,232
	<b>Total working capital changes</b>	<b>472,046</b>	<b>-3,068,130</b>
	<b>Cash flows from operating activities</b>	<b>732,595</b>	<b>-2,821,999</b>

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

Note	Amounts in DKK'000	H1 2022	H1 2021
	<b>Investing activities</b>		
	Additions, investments in associate	-13,760	-5,636
	Purchase of intangible assets	-2,548	-2,829
	Purchase of property, plant and equipment	-79,741	-50,823
	Sale of property, plant and equipment	10,700	27,555
	<b>Cash flows from investing activities</b>	<b>-85,349</b>	<b>-31,733</b>
	<b>Financing activities</b>		
	Bonds issued	0	180,000
	Subordinated loan capital	-50,000	0
	Treasury shares etc	25,658	0
	Interest paid on hybrid core capital	-18,200	-18,200
	Dividend paid	-104,088	0
	<b>Cash flows from financing activities</b>	<b>-146,630</b>	<b>161,800</b>
	<b>Increase/decrease in cash</b>	<b>500,616</b>	<b>-2,691,932</b>
	Cash and cash equivalents at beginning of period	4,200,863	5,293,988
	<b>Cash and cash equivalents at end of period</b>	<b>4,701,479</b>	<b>2,602,056</b>
	<b>Cash and cash equivalents</b>		
	Cash and balances on demand at central banks	4,521,321	2,442,677
	Amounts owed by credit institutions and central banks	180,158	159,379
	<b>Cash and cash equivalents at end of period</b>	<b>4,701,479</b>	<b>2,602,056</b>



# Notes

## 2 Summary of significant accounting policies

The Interim Report for H1 2022 has been presented in accordance with IAS 34. The presentation of interim financial statements is consistent with EU provisions and additional Danish disclosure requirements for interim reports of listed financial companies. Applying ISA 34 entails that presentation is more limited than in a complete annual report and that the measurement principles of the International Financial Reporting Standards (IFRS) have been used.

Because of the adoption of a new model for administering the bond portfolio and in addition to classifying bonds at fair value, Sparekassen decided earlier in the year to also apply the classification categories of bonds at amortised cost (held to maturity) and bonds at fair value through other comprehensive income.

Otherwise, the accounting policies remain unchanged with respect to those applied in the presentation of the consolidated financial statements for 2021.

Sparekassen's 2021 Annual Report and other reports on capital requirement, statutory report on corporate social responsibility etc can be found on this website: [www.spks.dk/om/regnskab](http://www.spks.dk/om/regnskab)

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

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

Except for the addition below, the most significant estimates made by Management in using the Group's accounting policies and the related key sources of estimation uncertainty are the same used to prepare the interim financial statements for the year as those used to prepare the consolidated financial statements for 2021.

### Classification of financial instruments

The financial assets are classified in the different measurement categories based on the new model for administering Sparekassen's bond portfolio. A judgement is made as to how the financial asset is administered and what the purpose of the portfolio is. Such judgement involves estimation.

# Notes

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

Note	Amounts in DKK'000	H1 2022	H1 2021
<b>4</b>	<b>Interest income</b>		
	Credit institutions and central banks	352	315
	Loans and other amounts owed	257,479	255,259
	Bonds	23,060	14,876
	Total derivatives	20,413	16,142
	Thereof: - Interest rate contracts	20,594	16,659
	- Foreign exchange contracts	-181	-517
	Other interest income	122	648
	<b>Total interest income</b>	<b>301,426</b>	<b>287,240</b>
<b>4a</b>	<b>Negative interest income</b>		
	Credit institutions and central banks	9,907	5,980
	Bonds	3,327	6,235
	<b>Total negative interest income</b>	<b>13,234</b>	<b>12,215</b>
<b>5</b>	<b>Interest expenses</b>		
	Credit institutions and central banks	387	281
	Deposits and other debt	6,895	6,313
	Bonds issued	4,265	2,393
	Subordinated loan capital	14,070	13,811
	Other interest expenses	560	405
	<b>Total interest expenses</b>	<b>26,177</b>	<b>23,203</b>
<b>5a</b>	<b>Positive interest expenses</b>		
	Credit institutions and central banks	0	0
	Deposits and other debt	52,751	43,772
	<b>Total positive interest expenses</b>	<b>52,751</b>	<b>43,772</b>

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

Note	Amounts in DKK'000	H1 2022	H1 2021
<b>6</b>	<b>Fees and commission income</b>		
	Securities trading and custody accounts	36,746	38,077
	Payment services	36,535	28,431
	Loan fees	26,470	31,678
	Guarantee commission	115,975	105,932
	Custody services	41,084	36,883
	Other fees and commissions	78,807	81,231
	<b>Total fees and commission income</b>	<b>335,617</b>	<b>322,232</b>
<b>7</b>	<b>Market value adjustments</b>		
	Bonds	-98,927	-24,475
	Shares	-2,895	30,890
	Investment property	-7,166	-4,847
	Foreign exchange	5,545	6,497
	Currency, interest rate, share, commodity and other contracts and derivatives	7,870	313
	Assets related to pooled plans	-313,320	174,272
	Deposits in pooled plans	313,320	-174,272
	<b>Total market value adjustments</b>	<b>-95,573</b>	<b>8,378</b>
<b>8</b>	<b>Staff costs and administrative expenses</b>		
	<b>Remuneration of the Board of Directors and Executive Board*</b>		
	Board of Directors and Executive Board	10,465	8,554
	<b>Total</b>	<b>10,465</b>	<b>8,554</b>
	<b>Staff costs</b>		
	Wages and salaries	189,600	175,329
	Pension contributions	20,245	19,102
	Social security expenses	29,995	29,323
	<b>Total staff costs</b>	<b>239,840</b>	<b>223,754</b>
	<b>Other administrative expenses</b>	<b>140,717</b>	<b>125,635</b>
	<b>Total staff costs and administrative expenses</b>	<b>391,022</b>	<b>357,943</b>

\* Board of Directors has been expanded from 3 to 4 persons in Q1 2022

# Notes

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Group)	
		30.06.2022	30.06.2021
<b>9</b>	<b>Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account)</b>		
	<b>Stage 1 impairment</b>		
	Balance of stage 1 impairment losses at beginning of period	105,974	126,232
	New impairment losses (net)	-2,997	-10,545
	<b>Balance of stage 1 impairment losses at end of period</b>	<b>102,977</b>	<b>115,687</b>
	- Of which amounts owed by credit institutions and central banks	248	1
	<b>Stage 2 impairment</b>		
	Balance of stage 2 impairment losses at beginning of period	173,238	160,010
	New impairment losses (net)	454	-4,850
	<b>Balance of stage 2 impairment losses at end of period</b>	<b>173,692</b>	<b>155,160</b>
	- Of which amounts owed by credit institutions and central banks	699	531
	<b>Stage 3 impairment</b>		
	Balance of stage 3 impairment losses at beginning of period	270,733	345,198
	New impairment losses (net)	-9,348	8,154
	Other changes	7,200	9,200
	Previously written down, now finally written off	25,555	111,333
	<b>Balance of stage 3 impairment losses at end of period</b>	<b>243,030</b>	<b>251,219</b>
	- Of which amounts owed by credit institutions and central banks	0	0

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Group)	
		30.06.2022	30.06.2021
<b>9</b>	<b>Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)</b>		
	<b>Provisions losses for guarantees and undrawn credit facilities</b>		
	Balance of provisions at beginning of year	98,284	115,954
	New provisions (net)	-10,713	-10,066
	Previously provided for, now finally written off	3,450	0
	<b>Balance of provisions at end of period</b>	<b>84,121</b>	<b>105,888</b>
	<b>Total</b>		
	Balance of impairment losses/provisions at beginning of period	648,229	747,394
	Impairment losses/provisions for the period (net)	-22,604	-17,307
	Other changes	7,200	9,200
	Finally written off, previously written down/provided for	29,005	111,333
	<b>Balance of impairment losses/provisions at end of period</b>	<b>603,820</b>	<b>627,954</b>
	Impairment losses/provisions for the period (net)	-22,604	-17,307
	Written off, not previously written down/provided for	3,110	3,494
	Recovery of claims previously written off	15,964	20,009
	<b>Total recognised in the income statement</b>	<b>-35,458</b>	<b>-33,822</b>

# Notes

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

Note	Amounts in DKK'000			
	30.06.2022	31.12.2021	30.06.2021	
<b>10 Land and buildings</b>				
<b>Investment property</b>				
Fair value at beginning of period	121,503	122,048	122,048	
Additions	42,662	53,292	17,503	
Disposals	10,700	46,787	28,435	
Fair value adjustments for the period	-8,216	-7,050	-3,850	
<b>Fair value at end of period</b>	<b>145,249</b>	<b>121,503</b>	<b>107,266</b>	
Rental income	3,414	7,644	3,822	
Operating expenses	1,584	4,186	2,047	
Thereof, operating expenses recognised for investment property not having generated rental income for the year	573	1,335	498	
	<b>Quoted prices</b>	<b>Observable input</b>	<b>Non-observable input</b>	<b>Total</b>
<b>Fair value hierarchy for investment property</b>				
Group 30.06.2022	0	0	145,249	145,249
Group 31.12.2021	0	0	121,503	121,503
Group 30.06.2021	0	0	107,266	107,266

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

Note	Amounts in DKK'000			
	30.06.2022	31.12.2021	30.06.2021	
<b>10 Land and buildings (continued)</b>				
<b>Owner-occupied property</b>				
Cost at beginning of period	379,701	318,342	318,342	
Additions	29,859	71,718	30,170	
Disposals	0	10,359	0	
<b>Cost at end of period</b>	<b>409,560</b>	<b>379,701</b>	<b>348,512</b>	
Accumulated depreciation/impairment losses at beginning of period	50,861	46,574	46,574	
Depreciation for the period	1,248	396	1,078	
Impairment losses for the period	0	5,850	750	
Disposals for the period	1,050	1,959	880	
<b>Accumulated depreciation/impairment losses at end of period</b>	<b>51,059</b>	<b>50,861</b>	<b>47,522</b>	
Accumulated revaluation at beginning of period	1,447	1,447	1,447	
Additions for the period	0	0	0	
Disposals for the period	0	0	0	
<b>Accumulated revaluation at end of period</b>	<b>1,447</b>	<b>1,447</b>	<b>1,447</b>	
<b>Revalued amount at end of period</b>	<b>359,948</b>	<b>330,287</b>	<b>302,437</b>	
If no revaluation had been made, the carrying amount of owner-occupied property would have been:	358,501	328,840	300,990	

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

# Notes

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

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

Fair value hierarchy for owneroccupied property

Group 30.06.2022	0	0	359,948	359,948
Group 31.12.2021	0	0	330,287	330,287
Group 30.06.2021	0	0	302,437	302,437

Investment properties and owner-occupied properties are measured at fair value/revalued amount calculated using a return-based model which is based on an estimate of prices per square metre and a required rate of return. A required rate of return ranging between 4.51 % and 13.28 % has been used in measuring properties located on Zealand and Funen and in Jutland (H1 2021: 5.2 % and 1 %). An increase in the required rate of return would result in a decline in the property's fair value, whereas an increase in rent per square metre relative to the assumptions applied would result in an increase in the value of the property.

	30.06.2022	31.12.2021	30.06.2021
Owner-occupied property, revalued amount at period-end, see above	359,948	330,287	302,437
Owner-occupied property, leased assets	36,537	39,277	29,796
<b>Total owner-occupied property, see balance sheet</b>	<b>396,485</b>	<b>369,564</b>	<b>332,233</b>

# Notes

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

Note	Amounts in DKK'000	Current interest rate	30.06.2022	31.12.2021	30.06.2021
<b>1.1 Subordinated loan capital</b>					
<b>Supplementary capital</b>					
Floating interest rate, maturing February 2027, redeemable in 2022, From 2022 to 2027, the interest rate will be six months CIBOR + 5.5% with half-yearly adjustment,	5.94 % <sup>1)</sup>		0	50,000	50,000
Floating interest rate, maturing in December 2027, redeemable in 2022, from 2022 to 2027, the interest rate will be six months' CIBOR + 4.39% with half-yearly adjustment,	4.75 % <sup>1)</sup>		50,000	50,000	50,000
Floating interest rate, maturing in June 2028, redeemable in 2023, from 2023 to 2028, the interest rate will be six months' CIBOR + 4.11% with half-yearly adjustment,	4.50 % <sup>1)</sup>		130,000	130,000	130,000
Floating interest rate, maturing in November 2028, redeemable in 2023, from 2023 to 2028, the interest rate will be six months' CIBOR + 4.24% with half-yearly adjustment,	4.75 % <sup>1)</sup>		41,000	41,000	41,000
Floating interest rate, maturing in June 2029, redeemable in 2024, from 2024 to 2029, the interest rate will be six months' CIBOR + 4.64% with half-yearly adjustment,	4.50 % <sup>1)</sup>		150,000	150,000	150,000
Floating interest rate, maturing in December 2029, redeemable in 2024, from 2024 to 2029, the interest rate will be six months' CIBOR + 4.51% with half-yearly adjustment,	4.45 % <sup>1)</sup>		152,000	152,000	152,000
Floating interest rate, maturing in August 2032, redeemable in 2027, the interest rate will be six months' CIBOR + 3.10% with half-yearly adjustment,	2.91 %		100,000	100,000	0
<b>Total supplementary capital</b>			<b>623,000</b>	<b>673,000</b>	<b>573,000</b>
<b>Total hybrid capital</b>			<b>0</b>	<b>0</b>	<b>0</b>
<b>Total subordinated loan capital</b>			<b>623,000</b>	<b>673,000</b>	<b>573,000</b>
Costs of establishment are charged to profit or loss over the expected term to maturity			2,336	2,928	2,755
<b>Total subordinated loan capital according to balance sheet</b>			<b>620,664</b>	<b>670,072</b>	<b>570,245</b>

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

Note	Amounts in DKK'000	Current interest rate	30.06.2022	31.12.2021	30.06.2021
<b>1.1 Subordinated loan capital (continued)</b>					
<b>Hybrid capital reclassified to equity</b>					
Floating interest rate, perpetual, redeemable in 2022. From 2022, the interest rate will be six months' CIBOR + 6.39% with half-yearly adjustment.	6.75 % <sup>1)</sup>		55,000	55,000	55,000
Floating interest rate, perpetual, redeemable in 2023. From 2023, the interest rate will be six months' CIBOR + 6.11% with half-yearly adjustment.	6.50 % <sup>1)</sup>		280,000	280,000	280,000
Floating interest rate, perpetual, redeemable in 2023. From 2023, the interest rate will be six months' CIBOR + 5.74% with half-yearly adjustment.	6.25 % <sup>1)</sup>		41,000	41,000	41,000
<b>Total hybrid capital, reclassified to equity</b>			<b>376,000</b>	<b>376,000</b>	<b>376,000</b>
Subordinated loan capital included in the calculation of capital resources			996,664	996,072	946,245

1) Fixed interest rate for the first 5 years.

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

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

# Notes

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Group)		
		30.06.2022	31.12.2021	30.06.2021

## 11 Subordinated loan capital (continued)

### Interest etc on subordinated loan capital

	30.06.2022	31.12.2021	30.06.2021
Interest (excluding interest on reclassified hybrid core capital recognised as equity)	14,070	28,073	13,811
Extraordinary repayments/redemptions/remortgaging	50,000	0	0
Expenses for raising subordinated loan capital	0	750	0
Expenses for redeeming subordinated loan capital	0	0	0

All of Sparekassen's capital issuances may be used to cover the capital requirements under the CRR/CRD IV rules. All capital not applied to cover the capital requirements of the CRR/CRD IV rules may be applied to fulfil the capital requirement addition under the 8+ approach.

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Group)			
		Number of shares		Nominal value (DKK'000)	
		30.06.2022	30.06.2021	30.06.2022	30.06.2021

## 12 Share capital

Share capital, Sparekassen Sjælland-Fyn A/S	17,374,973	17,374,973	173,750	173,750
<b>Total</b>	<b>17,374,973</b>	<b>17,374,973</b>	<b>173,750</b>	<b>173,750</b>

	Number of shares	Nominal value (DKK'000)	Participation %
<b>Treasury shares</b>			
Treasury shares at 31.12.2020	131,313	1,313	0,8
Purchased	0	0	0,0
Sold	0	0	0,0
<b>Treasury shares at 30.06.2021</b>	<b>131,313</b>	<b>1,313</b>	<b>0,8</b>
<b>Treasury shares at 30.06.2022</b>			
Treasury shares at 31.12.2021	164,796	1,648	0,9
Purchased	50,314	503	0,3
Sold	164,796	1,648	0,9
<b>Treasury shares at 30.06.2022</b>	<b>50,314</b>	<b>503</b>	<b>0,3</b>

Total purchase price DKK 9,281 (H1 2021: DKK 0)

Total selling price DKK 34,939 (H1 2021: DKK 0)

The share capital consists of 17,374,973 shares of a nominal value of DKK 10. The shares have been fully paid up. The shares have not been divided into classes and carry no special rights. Sparekassen's treasury share portfolio consists of 50,314 shares, corresponding to 0.3 % of the share capital. The shares were acquired as part of ordinary trading.

Sparekassen has been authorised by the general meeting to acquire treasury shares for up to 2% of the share capital. Sparekassen has been permitted by the Danish FSA to acquire treasury shares for DKK 10m in market value until 1. february 2023.

# Notes

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Group)	
		30.06.2022	30.06.2021
<b>12 Share capital (continued)</b>			
<b>Earnings per share</b>			
Earnings of shareholders of the Parent Sparekassen Sjælland-Fyn A/S		157,975	240,936
Average number of shares		17,374,973	17,374,973
Average number of treasury shares		107,555	131,313
<b>Average number of shares outstanding</b>		<b>17,267,418</b>	<b>17,243,660</b>
Average dilution effect of outstanding share options		0	0
Average number of outstanding shares (diluted)		17,267,418	17,243,660
Earnings per share (DKK)		9.1	14.0
Diluted earnings per shares (DKK)		9.1	14.0

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Group)		
		30.06.2022	31.12.2021	30.06.2021
<b>13 Assets provided as collateral</b>				
Bonds deposited with Danmarks Nationalbank, clearing centres etc		1,443,261	1,731,376	1,646,780
Cash deposited with credit institutions, CSA agreements		3,806	22,544	19,169
Loss limit towards the Danish Growth Fund		258	259	260
<b>Total</b>		<b>1,447,325</b>	<b>1,754,179</b>	<b>1,666,209</b>

Unencumbered deposited securities may be released at call

## 14 Related party transactions

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

There have been no unusual related party transactions in H1 2022.

# Notes

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

Note	Amounts in DKK'000	30.06.2022	31.12.2021	30.06.2021
<b>15</b>	<b>Contingent liabilities and assets</b>			
	Financial guarantees	424,727	359,772	323,152
	Mortgage finance guarantees	2,731,978	2,921,169	2,900,128
	Registration and remortgaging guarantees	10,949	3,439	7,305
	Other contingent liabilities	3,958,069	3,955,724	4,910,416
	<b>Total</b>	<b>7,125,723</b>	<b>7,240,104</b>	<b>8,141,001</b>

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

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

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

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

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

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

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

Note	Amounts in DKK'000	30.06.2022	31.12.2021	30.06.2021
<b>15</b>	<b>Contingent liabilities and assets (continued)</b>			
	<b>Contingent assets, group</b>			
	Deferred tax assets, written down	42,037	43,905	44,903

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

# Notes

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

Note	Amounts in DKK'000	30.06.2022	31.12.2021	30.06.2021
<b>16 Capital resources</b>				
Equity excluding hybrid core capital		3,462,133	3,409,628	3,236,528
Intangible assets		-91,154	-91,178	-91,215
Deferred tax assets		-94,698	-116,197	-139,465
Proposed dividend		0	-104,250	0
Deduction, capital instruments		-434,787	-290,162	-305,702
Other additions/deductions		-30,538	169,307	-67,967
<b>Common Equity Tier 1 capital</b>		<b>2,810,955</b>	<b>2,977,148</b>	<b>2,632,179</b>
Hybrid core capital		376,000	376,000	376,000
<b>Core capital (including hybrid core capital) net of primary deductions</b>		<b>3,186,955</b>	<b>3,353,148</b>	<b>3,008,179</b>
Supplementary capital		620,664	620,072	570,245
<b>Capital resources</b>		<b>3,807,620</b>	<b>3,973,218</b>	<b>3,578,424</b>
<b>Risk exposures</b>				
Credit risk		14,123,491	14,147,509	14,599,589
Market risk		693,998	829,270	1,123,469
Operational risk		2,211,099	2,039,764	2,039,764
<b>Total risk exposures</b>		<b>17,028,588</b>	<b>17,016,542</b>	<b>17,762,822</b>
Capital ratio		22.4	23.3	20.1
Core capital ratio		18.7	19.7	16.9
Common Equity Tier 1 capital ratio		16.5	17.5	14.8
Capital resources, requirement under Section 124(2) of the Danish Financial Business Act		1,362,287	1,361,323	1,421,026

Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.06.2022 and 30.06.2021.

Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 0.7 percentage points higher (30.06.2021: capital ratio, core capital ratio and common equity tier 1 capital ratio 1.1 percentage points higher).

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

Note	Amounts in DKK'000	30.06.2022	31.12.2021	30.06.2021
<b>16 Capital resources (continued)</b>				
<b>Solvency capital elements calculated exclusive of transitional scheme</b>				
Common Equity Tier 1 capital		2,700,545	2,812,136	2,449,780
Core capital (including hybrid core capital) net of primary deductions		3,076,545	3,188,136	2,825,780
Capital resources		3,697,210	3,808,207	3,396,025
Total risk exposures		16,958,753	16,928,953	17,661,020
Capital ratio		21.8	22.5	19.2
Core capital ratio		18.1	18.8	16.0
Common Equity Tier 1 capital ratio		15.9	16.6	13.9

Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.06.2022 and 30.06.2021. Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 0.7 percentage points higher (30.06.2021: capital ratio, core capital ratio and common equity tier 1 capital ratio 1.2 percentage points higher).

# Notes

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

Note	Amounts in DKK'000	30.06.2022			30.06.2021		
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised costs	Fair value through profit or loss	Fair value through other comprehensive income	Amortised costs
<b>17</b>	<b>Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group</b>						
	Financial assets and liabilities are recognised in the balance sheet either at fair value through profit or loss or at amortised cost.						
	Below, the valuation method is stated for each financial statement item.						
	<b>Financial assets</b>						
	Cash and balances on demand at central banks			4,521,321			2,442,677
	Amounts owed by credit institutions and central banks			180,158			159,379
	Loans and other amounts owed at amortised cost			12,276,690			12,193,880
	Bonds at fair value	3,363,468	456,720		8,195,128	0	
	Bonds at amortised cost			3,364,211			1,301,880
	Shares etc	757,714	95,964		576,598	90,485	
	Assets in pooled plans	2,047,418			2,247,589		
	Positive market value, derivatives	35,688			29,866		
	<b>Total financial assets</b>	<b>6,204,288</b>	<b>552,684</b>	<b>20,342,380</b>	<b>11,049,181</b>	<b>90,485</b>	<b>16,097,816</b>
	<b>Financial liabilities</b>						
	Amounts owed to credit institutions and central banks			708,250			850,462
	Deposits and other debt			20,299,748			20,296,173
	Deposits in pooled plans	2,047,418			2,247,589		
	Bonds issued at amortised cost			378,147			377,474
	Subordinated loan capital			620,664			570,245
	Negative market value of derivatives	31,121			28,729		
	<b>Total financial liabilities</b>	<b>2,078,539</b>	<b>0</b>	<b>22,006,809</b>	<b>2,276,318</b>	<b>0</b>	<b>22,094,354</b>

# Notes

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

### Note

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

##### Financial instruments recognised at fair value

Financial instruments are measured based on quoted prices in active markets (Level 1), on generally accepted valuation models with observable market data (Level 2) or on available data that is observable only to a limited extent (Level 3).

Measurement of financial instruments for which prices are quoted in active markets or which is based on generally accepted valuation models with observable market data is not subject to significant estimates.

For financial instruments the measurement of which is based on available data that only to a limited extent is observable market data, such measurement is subject to estimates. Shares etc in Levels 2 and 3 primarily comprise unlisted shares in sector companies and unlisted investment fund certificates.

For unlisted shares in the form of shares in sector-owned companies where such shares are reallocated, such reallocation is considered to be the primary market of the shares. Fair value is determined as the reallocation price, and the shares are included as Level 2 input (observable prices).

For other unlisted shares in sector-owned companies for which observable input is not directly available, measurement is subject to estimates which include information from the companies' financial statements, experience from trading in shares in the relevant companies and input from a qualified external party. The industry association Lokale Pengeinstitutter (LOPI) recommends quarterly fair values of some of the so-called sector shares, meaning the shares held by the banks to participate actively in the infrastructure and the ranges of products supporting the business foundation of the sector. The prices recommended by LOPI are based on shareholders' agreements and transactions conducted in the sector.

Sparekassen makes an independent assessment of the prices recommended and verifies consistency with transactions conducted and financial statements published. Sparekassen estimates that alternative methods for measuring fair value of these shares will not led to much different fair values.

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

Note	Amounts in DKK'000	Quoted prices (Level 1)	Observable input (Level 2)	Non-observable input (Level 3)	Total
<b>17 Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)</b>					
Fair value hierarchy of financial instruments measured at fair value in balance sheet					
<b>30.06.2022</b>					
<b>Financial assets</b>					
	Bonds at fair value	3,820,188	0	0	3,820,188
	Shares etc	135,608	639,538	78,532	853,678
	Assets related to pooled plans	2,037,927	9,491	0	2,047,418
	Derivatives	0	35,688	0	35,688
	<b>Total financial assets</b>	<b>5,993,723</b>	<b>684,717</b>	<b>78,532</b>	<b>6,756,972</b>
<b>Financial liabilities</b>					
	Deposits in pooled plans	0	2,047,418	0	2,047,418
	Derivative financial liabilities	0	31,121	0	31,121
	<b>Total financial liabilities</b>	<b>0</b>	<b>2,078,539</b>	<b>0</b>	<b>2,078,539</b>
<b>30.06.2021</b>					
<b>Financial assets</b>					
	Bonds at fair value	8,195,128	0	0	8,195,128
	Shares etc	118,739	501,713	46,631	667,083
	Assets related to pooled plans	2,236,702	10,887	0	2,247,589
	Derivatives	0	29,866	0	29,866
	<b>Total financial assets</b>	<b>10,550,569</b>	<b>542,466</b>	<b>46,631</b>	<b>11,139,666</b>
<b>Financial liabilities</b>					
	Deposits in pooled plans	0	2,247,589	0	2,247,589
	Derivative financial liabilities	0	28,729	0	28,729
	<b>Total financial liabilities</b>	<b>0</b>	<b>2,276,318</b>	<b>0</b>	<b>2,276,318</b>

# Notes

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

Note	Amounts in DKK'000	30.06.2022	30.06.2021
<b>17</b>	<b>Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)</b>		
	Financial instruments measured at fair value in balance sheet based on Level 3		
	Carrying amount at beginning of period	67,997	45,059
	Market value adjustment in profit or loss, under market value adjustments	-1,839	-403
	Purchased	12,374	1,975
	Sold	0	0
	<b>Carrying amount at end of period</b>	<b>78,532</b>	<b>46,631</b>

Sparekassen does not have data to make a sensitivity analysis of the investment fund certificates that are measured at fair value in the balance sheet based on Level 3. The investment fund certificates amount to DKK 0.1m (30.06.2021: DKK 2.6m).

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.

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

Note	
<b>17</b>	<b>Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)</b>
	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.

# Notes

Sparekassen Sjælland-Fyn A/S (Group)					
		30.06.2022		30.06.2021	
Note	Amounts in DKK'000	Carrying amount	Fair value	Carrying amount	Fair value
<b>17</b>	<b>Financial assets and liabilities, Sparekassen Sjælland-Fyn A/S Group (continued)</b>				
	Financial instruments recognised at amortised cost, disclosures on fair value				
	Financial assets				
	Cash and balances on demand at central banks	4,521,321	4,521,321	2,442,677	2,442,677
	Amounts owed by credit institutions and central banks	180,158	180,158	159,379	159,379
	Loans and advances and other amounts owed at amortised cost	12,276,690	12,334,058	12,193,880	12,252,864
	Bonds at amortised cost	3,364,211	3,327,407	1,301,880	1,302,549
	<b>Total financial assets</b>	<b>20,342,380</b>	<b>20,362,944</b>	<b>16,097,816</b>	<b>16,157,469</b>
	Financial liabilities				
	Amounts owed to credit institutions and central banks	708,250	708,250	850,462	850,462
	Deposits and other debt	20,299,748	20,299,748	20,296,173	20,296,173
	Bonds issued at amortised cost	378,147	378,147	377,474	377,474
	Subordinated loan capital	620,664	620,664	570,245	570,245
	<b>Total financial liabilities</b>	<b>22,006,809</b>	<b>22,006,809</b>	<b>22,094,354</b>	<b>22,094,354</b>

Sparekassen Sjælland-Fyn A/S (Group)			
Note	Amounts in DKK'000	30.06.2022	30.06.2021
<b>18</b>	<b>Bonds at amortised cost</b>		
	Carrying amount of bonds at amortised cost	3,364,211	1,301,880
	Fair value of bonds at amortised cost	3,327,407	1,302,549
	<b>Fair value of bonds at amortised cost relative to carrying amount</b>	<b>-36,804</b>	<b>669</b>

# Income statement

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

Note	Amounts in DKK'000	H1 2022	H1 2021	Q2 2022	Q2 2021
4	Interest income calculated using the effective interest method	242,298	242,769	129,678	122,297
4	Other interest income	43,472	31,018	23,928	15,130
4a	Negative interest income	13,234	12,215	6,588	5,806
5	Interest expenses	27,132	23,859	13,673	12,151
5a	Positive interest expenses	52,979	44,229	27,107	22,805
	<b>Net interest income</b>	<b>298,383</b>	<b>281,942</b>	<b>160,452</b>	<b>142,275</b>
	Dividends on shares etc	26,356	18,193	21,281	15,830
6	Fees and commission income	336,529	323,203	158,895	156,479
	Fees and commission expenses	7,577	8,402	3,707	3,967
	<b>Net interest and fee income</b>	<b>653,691</b>	<b>614,936</b>	<b>336,921</b>	<b>310,617</b>
7	Market value adjustments	-85,257	13,380	-54,025	-186
	Other operating income	2,293	2,004	1,427	1,067
8	Staff costs and administrative expenses	383,443	348,397	199,900	180,407
	Amortisation, depreciation and impairment losses on intangible assets and property, plant and equipment	22,094	23,274	11,356	11,544
	Other operating expenses	4,256	6,222	1,530	4,172
	Impairment losses on loans and advances etc	-35,539	-31,661	-31,601	-17,222
9	Profit/loss on investments in associates and group enterprises	14,426	15,547	8,056	5,986
	<b>Profit before tax</b>	<b>210,898</b>	<b>299,635</b>	<b>111,193</b>	<b>138,583</b>
	Income tax	40,784	46,536	23,425	29,124
	<b>Profit after tax</b>	<b>170,114</b>	<b>253,099</b>	<b>87,768</b>	<b>109,459</b>
	<b>Earnings per share</b>				
	Earnings per share (DKK)	9.1	14.0	4.7	6.0
	Diluted earnings per share (DKK)	9.1	14.0	4.7	6.0
	<b>Distributed as follows:</b>				
	Retained earnings (profit allocated to shareholders)	157,975	240,936	81,664	103,331
	Interest, hybrid core capital	12,139	12,163	6,104	6,128
	<b>Total</b>	<b>170,114</b>	<b>253,099</b>	<b>87,768</b>	<b>109,459</b>

# Statement of comprehensive income

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

Note	Amounts in DKK'000	H1 2022	H1 2021	Q2 2022	Q2 2021
	<b>Profit for the period</b>	<b>170,114</b>	<b>253,099</b>	<b>87,768</b>	<b>109,459</b>
	<b>Other comprehensive income that may not be reclassified to profit or loss</b>				
	Fair value adjustment of properties	0	0	0	0
	Tax related to fair value adjustment of properties	2	2	1	1
	<b>Other comprehensive income that may be reclassified to profit or loss</b>				
	Value adjustment of certain strategic shares	-5,116	-1,034	-9,061	-3,478
	Value adjustment of bonds at fair value through other comprehensive income	-29,945	0	-29,945	0
	Fair value adjustment of financial instruments entered into to hedge future cash flows <sup>1</sup>				
	- Value adjustment for the year	1,835	241	796	77
	- Tax on other comprehensive income	6,184	175	6,413	749
	<b>Total other comprehensive income</b>	<b>-27,040</b>	<b>-616</b>	<b>-31,796</b>	<b>-2,651</b>
	<b>Total comprehensive income</b>	<b>143,074</b>	<b>252,483</b>	<b>55,972</b>	<b>106,808</b>

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

# Balance sheet

Sparekassen Sjælland-Fyn A/S (Parent)				
Note	Amounts in DKK'000	30.06.2022	31.12.2021	30.06.2021
<b>Assets</b>				
	Cash and balances on demand at central banks	4,521,321	4,014,591	2,442,677
	Amounts owed by credit institutions and central banks	170,424	178,888	149,573
	Loans and other amounts owed at amortised cost	12,213,322	11,957,157	12,345,092
	Bonds at fair value	3,820,188	7,316,343	8,195,128
12	Bonds at amortised cost	3,364,211	0	1,301,880
	Shares etc	850,688	720,095	667,083
	Investments in associates	201,907	180,367	164,735
	Investments in group enterprises	582,588	584,092	370,223
	Assets related to pooled plans	2,047,418	2,405,310	2,247,589
	Intangible assets	91,154	91,178	91,215
	Total land and buildings	181,339	186,085	144,423
	<i>Investment property</i>	0	1,820	1,820
	<i>Owner-occupied property</i>	181,339	184,265	142,603
	Other property, plant and equipment	23,359	24,691	24,406
	Current tax assets	31,995	18,252	28,007
	Deferred tax assets	84,733	106,232	130,202
	Other assets	208,966	243,700	186,802
	Prepayments	48,554	49,177	57,409
	<b>Total assets</b>	<b>28,442,167</b>	<b>28,076,158</b>	<b>28,546,443</b>

Sparekassen Sjælland-Fyn A/S (Parent)				
Note	Amounts in DKK'000	30.06.2022	31.12.2021	30.06.2021
<b>Equity and liabilities</b>				
<b>Liabilities other than provisions</b>				
	Amounts owed to credit institutions and central banks	707,439	576,884	849,479
	Deposits and other debt	20,288,693	19,790,329	20,384,999
	Deposits in pooled plans	2,047,418	2,405,310	2,247,589
	Bonds issued at amortised cost	378,147	377,810	377,474
	Other liabilities	458,115	348,744	374,724
	Deferred income	15,351	12,949	19,012
	<b>Total liabilities other than provisions</b>	<b>23,895,163</b>	<b>23,512,026</b>	<b>24,253,277</b>
<b>Provisions</b>				
	Provisions for losses on guarantees etc	66,056	77,290	85,290
	Other provisions	18,324	21,254	21,278
	<b>Total provisions</b>	<b>84,380</b>	<b>98,544</b>	<b>106,568</b>
	<b>Subordinated loan capital</b>	<b>620,664</b>	<b>670,072</b>	<b>570,245</b>
<b>Equity</b>				
	Share capital	173,750	173,750	173,750
	Revaluation reserves	1,417	1,415	1,413
	Undistributable savings bank reserve, other reserves	561,378	561,378	561,378
	Retained earnings	2,725,588	2,673,085	2,499,988
	<b>Total equity exclusive of hybrid core capital</b>	<b>3,462,133</b>	<b>3,409,628</b>	<b>3,236,528</b>
	Hybrid core capital	379,827	385,888	379,825
	<b>Total equity</b>	<b>3,841,960</b>	<b>3,795,516</b>	<b>3,616,353</b>
	<b>Total equity and liabilities</b>	<b>28,442,167</b>	<b>28,076,158</b>	<b>28,546,443</b>

# Statement of changes in equity

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

Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument <sup>1</sup>	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	<b>Equity at 1.1.2022</b>	<b>173,750</b>	<b>1,415</b>	<b>561,378</b>	<b>65</b>	<b>104,250</b>	<b>2,568,770</b>	<b>3,409,628</b>	<b>385,888</b>	<b>3,795,516</b>
	Profit for the period	0	0	0	0	0	157,975	157,975	12,139	170,114
	<b>Other comprehensive income that may not be reclassified to profit or loss</b>									
	Tax related to fair value adjustment of properties	0	2	0	0	0	0	2	0	2
	<b>Other comprehensive income that may be reclassified to profit or loss</b>									
	Value adjustments of certain strategic shares	0	0	0	0	0	-5,116	-5,116	0	-5,116
	Value adjustment of bonds at fair value through other comprehensive income	0	0	0	0	0	-29,945	-29,945	0	-29,945
	Fair value adjustment of financial instruments entered into to hedge future cash flows, Value adjustment for the period	0	0	0	1,835	0	0	1,835	0	1,835
	Tax on other comprehensive income	0	0	0	-404	0	6,588	6,184	0	6,184
	<b>Total other comprehensive income</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>1,431</b>	<b>0</b>	<b>-28,473</b>	<b>-27,040</b>	<b>0</b>	<b>-27,040</b>
	<b>Comprehensive income for the period</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>1,431</b>	<b>0</b>	<b>129,502</b>	<b>130,935</b>	<b>12,139</b>	<b>143,074</b>
	Purchase of treasury shares	0	0	0	0	0	-9,281	-9,281	0	-9,281
	Sale of treasury shares	0	0	0	0	0	34,939	34,939	0	34,939
	Dividends paid	0	0	0	0	-104,250	162	-104,088	0	-104,088
	Interest paid on hybrid core capital	0	0	0	0	0	0	0	-18,200	-18,200
	<b>Equity at 30.06.2022</b>	<b>173,750</b>	<b>1,417</b>	<b>561,378</b>	<b>1,496</b>	<b>0</b>	<b>2,724,092</b>	<b>3,462,133</b>	<b>379,827</b>	<b>3,841,960</b>

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

# Statement of changes in equity

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

Note	Amounts in DKK'000	Share capital	Revaluation reserves	Undistributable savings bank reserve	Reserve for value adjustment of hedging instrument <sup>1</sup>	Dividend	Retained earnings	Total equity exclusive of hybrid core capital	Hybrid core capital	Total equity
	<b>Equity at 1.1.2022</b>	<b>173,750</b>	<b>1,411</b>	<b>561,378</b>	<b>-247</b>	<b>0</b>	<b>2,259,917</b>	<b>2,996,209</b>	<b>385,862</b>	<b>3,382,071</b>
	Profit for the period	0	0	0	0	0	240,936	240,936	12,163	253,099
	<b>Other comprehensive income that may not be reclassified to profit or loss</b>									
	Tax related to fair value adjustment of properties	0	2	0	0	0	0	2	0	2
	<b>Other comprehensive income that may be reclassified to profit or loss</b>									
	Value adjustments of certain strategic shares	0	0	0	0	0	-1,034	-1,034	0	-1,034
	Fair value adjustment of financial instruments entered into to hedge future cash flows: Value adjustment for the period	0	0	0	241	0	0	241	0	241
	Tax on other comprehensive income	0	0	0	-53	0	228	175	0	175
	<b>Total other comprehensive income</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>188</b>	<b>0</b>	<b>-806</b>	<b>-616</b>	<b>0</b>	<b>-616</b>
	<b>Comprehensive income for the period</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>188</b>	<b>0</b>	<b>240,130</b>	<b>240,320</b>	<b>12,163</b>	<b>252,483</b>
	Purchase of treasury shares	0	0	0	0	0	0	0	0	0
	Sale of treasury shares	0	0	0	0	0	0	0	0	0
	Dividends paid	0	0	0	0	0	0	0	0	0
	Interest paid on hybrid core capital	0	0	0	0	0	0	0	-18,200	-18,200
	<b>Equity at 30.06.2021</b>	<b>173,750</b>	<b>1,413</b>	<b>561,378</b>	<b>-59</b>	<b>0</b>	<b>2,500,047</b>	<b>3,236,528</b>	<b>379,825</b>	<b>3,616,353</b>

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

# Notes

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

Note	Amounts in DKK'm	H1 2022	H1 2021	Financial year 2021
<b>1</b>	<b>Financial highlights</b>			
	<b>Principal items of income statement</b>			
	Net interest income	298	282	555
	Net interest and fee income	654	615	1,193
	Market value adjustments	-85	13	35
	Staff costs and administrative expenses	383	348	705
	Amortisation, depreciation and impairment losses on assets	22	23	46
	Impairment losses on loans and advances etc	-36	-32	-16
	Profit on investments in associates and group enterprises	14	16	41
	Income tax	41	47	85
	Profit for the period	170	253	444
	<b>Principal items of balance sheet</b>			
	Loans and advances	12,213	12,345	11,957
	Securities portfolio	8,035	10,164	8,036
	Deposits including pooled deposits	22,336	22,633	22,196
	Subordinated loan capital	621	570	670
	Equity	3,842	3,616	3,796
	Total assets	28,442	28,546	28,076

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

	H1 2022	H1 2021	Financial year 2021
<b>Financial ratios</b>			
Capital ratio <sup>5</sup>	22.4	20.1	23.3
Core capital ratio <sup>5</sup>	18.7	16.9	19.7
Return on equity before tax	5.5	8.6	14.7
Return on equity after tax	4.5	7.2	12.4
Operating income over operating expenses	1.56	1.87	1.71
Interest rate risk relative to core capital net of deductions	0.7	0.1	0.0
Currency position relative to core capital net of deductions	1.3	1.7	0.7
Currency risk relative to core capital net of deductions	0.0	0.0	0.0
Loans and advances plus loan impairment losses relative to deposits	56.9	56.8	56.3
Loans and advances relative to equity	3.2	3.4	3.2
Growth in loans and advances for the period	2.1	2.3	-0.9
Liquidity, LCR	499	462	501
Total large exposures (<175 %)	78.6	83.1	68.3
Impairment ratio for the period	-0.2	-0.1	-0.1
Accumulated impairment ratio <sup>1</sup>	2.8	2.8	3.1
Return on capital employed	0.6	0.9	1.6
Earnings per share (DKK) <sup>3</sup>	9.1	14.0	24.3
Dividend per share (DKK)	0.0	0.0	6.0
Book value per share (DKK) <sup>2</sup>	199.8	187.7	198.1
Price/earnings per share <sup>3</sup>	16.1	10.8	6.8
Price/equity per share <sup>2</sup>	0.7	0.8	0.8
Share price at end of period	147.5	151.0	165.0
<b>Staff</b>			
Average number of employees for the period converted into full-time employees <sup>4</sup>	544	545	548

1 Refer to note 9 for a specification of total impairment losses and provisions.

2 Calculated based on the number of outstanding shares at end of period.

3 Calculated based on the average number of shares during the period.

4 Engaged in financial business.

5 H1 2022 and H1 2021 have been calculated exclusive of the profit for the period.

# Notes

## 2 Summary of significant accounting policies

The H1 2022 financial statements of Sparekassen (Parent) have been prepared in accordance with the Danish Executive Order on Financial Reports for Credit Institutions and Investment Companies, etc, as well as additional Danish disclosure requirements for interim reports for listed financial companies.

Because of the adoption of a new model for administering the bond portfolio and in addition to classifying bonds at fair value, Sparekassen decided earlier in the year to also apply the classification categories of bonds at amortised cost (held to maturity) and bonds at fair value through other comprehensive income.

Otherwise, the accounting policies remain unchanged with respect to those applied in the presentation of the parent financial statements for 2021.

Sparekassen's 2021 Annual Report and other reports on capital requirement, statutory report on corporate social responsibility etc can be found on this website: [www.spks.dk/om/regnskab](http://www.spks.dk/om/regnskab)

## 3 Significant judgements and estimates, assumptions and uncertainties

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

Except for the addition below, the most significant estimates made by Management in using Sparekassen's accounting policies and the related key sources of estimation uncertainty are the same used to prepare the interim financial statements for the year as those used to prepare the parent financial statements for 2021.

### Classification of financial instruments

The financial assets are classified in the different measurement categories based on the new model for administering Sparekassen's bond portfolio. A judgement is made as to how the financial asset is administered and what the purpose of the portfolio is. Such judgement involves estimation.

# Notes

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Parent)	
		H1 2022	H1 2021
<b>4 Interest income</b>			
Credit institutions and central banks		318	259
Loans and other amounts owed		241,980	241,964
Bonds		23,060	14,876
Total derivatives		20,413	16,142
Thereof: - Interest rate contracts		20,594	16,659
- Foreign exchange contracts		-181	-517
Other interest income		0	546
<b>Total interest income</b>		<b>285,770</b>	<b>273,787</b>
<b>4a Negative interest income</b>			
Credit institutions and central banks		9,907	5,980
Bonds		3,327	6,235
<b>Total negative interest income</b>		<b>13,234</b>	<b>12,215</b>
<b>5 Interest expenses</b>			
Credit institutions and central banks		381	280
Deposits and other debt		6,895	6,313
Bonds issued		4,265	2,393
Subordinated loan capital		14,070	13,811
Other interest expenses		1,521	1,062
<b>Total interest expenses</b>		<b>27,132</b>	<b>23,859</b>
<b>5a Positive interest expenses</b>			
Credit institutions and central banks		0	0
Deposits and other debt		52,979	44,229
<b>Total positive interest expenses</b>		<b>52,979</b>	<b>44,229</b>

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Parent)	
		H1 2022	H1 2021
<b>6 Fees and commission income</b>			
Securities trading and custody accounts		36,746	38,077
Payment services		36,535	28,431
Loan fees		26,470	31,678
Guarantee commission		115,975	105,932
Custody services		41,084	36,883
Other fees and commissions		79,719	82,202
<b>Total fees and commission income</b>		<b>336,529</b>	<b>323,203</b>
<b>7 Market value adjustments</b>			
Bonds		-98,957	-24,468
Shares		-2,895	30,890
Investment property		3,180	148
Foreign exchange		5,545	6,497
Currency, interest rate, share, commodity and other contracts and derivatives		7,870	313
Assets related to pooled plans		-313,320	174,272
Deposits in pooled plans		313,320	-174,272
<b>Total market value adjustments</b>		<b>-85,257</b>	<b>13,380</b>
<b>8 Staff costs and administrative expenses</b>			
<b>Remuneration of the Board of Directors and Executive Board*</b>			
Board of Directors and Executive Board		10,289	8,424
<b>Total</b>		<b>10,289</b>	<b>8,424</b>
<b>Staff costs</b>			
Wages and salaries		189,600	175,329
Pension contributions		20,245	19,102
Social security expenses		29,995	29,323
<b>Total staff costs</b>		<b>239,840</b>	<b>223,754</b>
<b>Other administrative expenses</b>		<b>133,315</b>	<b>116,219</b>
<b>Total staff costs and administrative expenses</b>		<b>383,443</b>	<b>348,397</b>

\* Board of Directors has been expanded from 3 to 4 persons in Q1 2022

# Notes

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Parent)	
		30.06.2022	30.06.2021
<b>9</b>	<b>Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account)</b>		
	<b>Stage 1 impairment</b>		
	Balance of stage 1 impairment losses at beginning of period	103,003	123,405
	New impairment losses (net)	-3,701	-10,585
	<b>Balance of stage 1 impairment losses at end of period</b>	<b>99,302</b>	<b>112,820</b>
	- Of which amounts owed by credit institutions and central banks	248	1
	<b>Stage 2 impairment</b>		
	Balance of stage 2 impairment losses at beginning of period	166,670	147,611
	New impairment losses (net)	551	-3,898
	<b>Balance of stage 2 impairment losses at end of period</b>	<b>167,221</b>	<b>143,713</b>
	- Of which amounts owed by credit institutions and central banks	699	531
	<b>Stage 3 impairment</b>		
	Balance of stage 3 impairment losses at beginning of period	265,016	338,028
	New impairment losses (net)	-10,243	7,963
	Other changes	7,200	9,200
	Previously written down, now finally written off	25,555	111,050
	<b>Balance of stage 3 impairment losses at end of period</b>	<b>236,418</b>	<b>244,141</b>
	- Of which amounts owed by credit institutions and central banks	0	0

Note	Amounts in DKK'000	Sparekassen Sjælland-Fyn A/S (Parent)	
		30.06.2022	30.06.2021
<b>9</b>	<b>Impairment losses on loans and advances and other receivables and provisions for guarantees and undrawn credit facilities (impairment account) (continued)</b>		
	<b>Provisions losses for guarantees and undrawn credit facilities</b>		
	Balance of provisions at beginning of year	98,284	115,954
	New provisions (net)	-10,713	-10,066
	Previously provided for, now finally written off	3,450	0
	<b>Balance of provisions at end of period</b>	<b>84,121</b>	<b>105,888</b>
	<b>Total</b>		
	Balance of impairment losses/provisions at beginning of period	632,973	724,998
	Impairment losses/provisions for the period (net)	-24,106	-16,586
	Other changes	7,200	9,200
	Finally written off, previously written down/provided for	29,005	111,050
	<b>Balance of impairment losses/provisions at end of period</b>	<b>587,062</b>	<b>606,562</b>
	Impairment losses/provisions for the period (net)	-24,106	-16,586
	Written off, not previously written down/provided for	2,448	2,843
	Recovery of claims previously written off	13,881	17,917
	<b>Total recognised in the income statement</b>	<b>-35,539</b>	<b>-31,661</b>

# Notes

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

Note	Amounts in DKK'000	30.06.2022	31.12.2021	30.06.2021
<b>10 Assets provided as collateral</b>				
Bonds deposited with Danmarks Nationalbank, clearing centres etc		1,443,261	1,731,376	1,646,780
Cash deposited with credit institutions, CSA agreements		3,806	22,544	19,169
Loss limit towards the Danish Growth Fund		258	259	260
<b>Total</b>		<b>1,447,325</b>	<b>1,754,179</b>	<b>1,666,209</b>
Unencumbered deposited securities may be released at call.				
<b>11 Capital resources</b>				
Equity excluding hybrid core capital		3,462,133	3,409,628	3,236,528
Intangible assets		-91,154	-91,178	-91,215
Tax assets		-84,733	-106,232	-130,202
Proposed dividend		0	-104,250	0
Deduction, capital instruments exceeding 10%		-432,375	-287,751	-303,429
Other additions/deductions		-28,446	171,398	-65,867
<b>Common Equity Tier 1 capital</b>		<b>2,825,425</b>	<b>2,991,615</b>	<b>2,645,815</b>
Hybrid core capital		376,000	376,000	376,000
<b>Core capital (including hybrid core capital) net of primary deductions</b>		<b>3,201,425</b>	<b>3,367,615</b>	<b>3,021,815</b>
Supplementary capital		620,664	620,072	570,245
<b>Capital resources</b>		<b>3,822,089</b>	<b>3,987,687</b>	<b>3,592,060</b>

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

Note	Amounts in DKK'000	30.06.2022	31.12.2021	30.06.2021
<b>11 Capital resources (continued)</b>				
<b>Risk exposures</b>				
Credit risk		14,203,921	14,266,212	14,711,083
Market risk		694,053	829,352	1,123,551
Operational risk		2,181,118	2,005,246	2,005,246
<b>Total risk exposures</b>		<b>17,079,092</b>	<b>17,100,810</b>	<b>17,839,880</b>
Capital ratio		22.4	23.3	20.1
Core capital ratio		18.7	19.7	16.9
Common Equity Tier 1 capital ratio		16.5	17.5	14.8
Capital resources, requirement under Section 124(2) of the Danish Financial Business Act		1,366,327	1,368,065	1,427,190
Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.06.2022 og 30.06.2021.				
Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 0.7 percentage points higher (30.06.2021: capital ratio, core capital ratio and common equity tier 1 capital ratio 1.1 percentage points higher).				

# Notes

Sparekassen Sjælland-Fyn A/S (Parent)				
Note	Amounts in DKK'000	30.06.2022	31.12.2021	30.06.2021
<b>11</b>	<b>Capital resources (continued)</b>			
	Solvency capital elements calculated exclusive of transitional scheme			
	Common Equity Tier 1 capital	2,715,015	2,826,603	2,463,415
	Core capital (including hybrid core capital) net of primary deductions	3,091,015	3,202,603	2,839,415
	Capital resources	3,711,679	3,822,675	3,409,660
	Total risk exposures	17,009,258	17,014,901	17,738,078
	Capital ratio	21.8	22.5	19.2
	Core capital ratio	18.2	18.8	16.0
	Common Equity Tier 1 capital ratio	16.0	16.6	13.9

Sparekassen's capital resources and capital ratios calculated inclusive of transitional scheme and exclusive of net profit for the period at 30.06.2022 og 30.06.2021.

Had net profit for the period, reduced by the target dividend payment stated in the dividend policy, been included in capital resources, the capital ratio, the core capital ratio and the common equity tier 1 capital ratio would have been 0.7 percentage points higher (30.06.2021: capital ratio, core capital ratio and common equity tier 1 capital ratio 1.2 percentage points higher).

Sparekassen Sjælland-Fyn A/S (Parent)				
Note	Amounts in DKK'000	30.06.2022	30.06.2021	
<b>12</b>	<b>Bonds at amortised cost</b>			
	Carrying amount of bonds at amortised cost	3,364,211	1,301,880	
	Fair value of bonds at amortised cost	3,327,407	1,302,549	
	<b>Fair value of bonds at amortised cost relative to carrying amount</b>	<b>-36,804</b>	<b>669</b>	

# 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

## 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

